



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Soviet Union

International Affairs

DTIC QUALITY INSPECTED 2

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

DISTRIBUTION STATEMENT A

**Approved for public release;
Distribution Unlimited**

19980507 141

Soviet Union

International Affairs

JPRS-UIA-89-008

CONTENTS

8 MAY 1989

WORLDWIDE TOPICS

Marxism-Leninism Institute Discussion of 'New Thinking' in World Communist Movement	
[N.A. Borisova, et al; VOPROSY ISTORII KPSS, Sep 88]	1
Mechanism for Setting Diplomats' Salaries Abroad [KOMSOMOLSKAYA PRAVDA 2 Apr 88]	6
Soviet Peace Fund's Karpov on Activities, Financing [V. Babkin; MOLODEZH ESTONII, 26 Jan 89]	6
U.S. Policy Toward Asia-Pacific Region Criticized [O. Skalkin; PRAVDA, 20 Feb 89]	9
Trade Unions, IAEA Meet To Discuss Nuclear Energy Safety	11
Shalayev Speaks [TRUD 8 Apr 89]	11
Joint Document Presented [TRUD 9 Apr 89]	11

EAST-WEST RELATIONS

Editorials Laud Vienna CSCE Concluding Document	13
Aspects of 'Common European Home' [ZA RUBEZHOM No 5, 27 Jan-2 Feb 89]	13
Prospects for Conventional Forces Talks [ZA RUBEZHOM No 6, 3-9 Feb 89]	14

SOCIALIST COMMUNITY, CEMA

CEMA Collaboration Assessed on 40th Anniversary	
[E. Sheynin; POLITICHESKOYE OBRAZOVANIYE, Mar 89]	16
Overview of Economic Reforms in CEMA Countries	
[A.V. Mozhin, A.S. Nikiforov; POLITICHESKOYE OBRAZOVANIYE, Feb 89]	21
Role of Securities in Socialist Economies Discussed	
[V. Musatov, B. Fedorov; EKONOMICHESKAYA GAZETA No 7, Feb 89]	27

GENERAL ECONOMIC AFFAIRS

Procedure for Registering To Participate in Foreign Trade	
[SOTSIALISTICHESKAYA INDUSTRIYA, 23 Mar 89]	30
Foreign Trade Ties of Leningrad Agro-Industrial Organizations	
[A. Gruzinov, A. Shevtsov; SELSKAYA ZHIZN, 14 Mar 89]	32
Currency Exchange Procedures Criticized [P. Kuksov; EKONOMICHESKAYA GAZETA, Feb 89]	34
Europe Institute Official on Phased Ruble Convertibility	
[A. Tsimaylo; EKONOMICHESKAYA GAZETA No 2, Jan 89]	34
Economist Discusses Need for Ruble Convertibility [M. Lyubskiy; SELSKAYA PRAVDA, 5 Feb 89]	37
GDR Complaint About Quality of USSR-Built Ship [V. Lapskiy; IZVESTIYA, 4 Mar 89]	38
Finance Officials Discuss Poland-USSR Monetary Agreement	
[Ye. Rasskazov, S. Lykov; EKONOMICHESKAYA GAZETA, Feb 89]	40
Lithuanian Role in Socialist Division of Labor	
[B. Zaykauskas; EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, Sep 88]	41
RSFSR Council of Ministers to Study Republic Foreign Trade Organization	
[M. Vinokurov, Ye. Khokhlov; SOVETSKAYA ROSSIYA, 12 Feb 89]	44

UNITED STATES, CANADA

Participants in 1962 Cuban Missile Crisis Interviewed	47
Former Soviet Embassy Official [G.N. Bolshakov; KOMSOMOLSKAYA PRAVDA, 4 Feb 89]	47
Pierre Salinger [P. Salinger; KOMSOMOLSKAYA PRAVDA, 4 Feb 89]	48
Use of Tax Incentives in Business Evaluated	
[A. Kuteynikov, O. Tikhonov; SOTSIALISTICHESKAYA INDUSTRIYA, 26 Mar 89]	49

WEST EUROPE

FRG Greens Party Policy on Arms Control, Ecology Described [V. Agayev; SOVETSKAYA ROSSIYA, 23 Mar 89]	51
Finnish CP General Secretary Visits Minsk [SOVETSKAYA BELORUSSIYA 24 Feb]	52
Report on Italian CP Congress [PRAVDA, 20 Mar 89]	52
Importance of Gibraltar Base for NATO, Spanish-UK Dispute Viewed [V. Gorkayev; SOVETSKAYA ROSSIYA, 12 Feb 89]	55
Norwegian-Soviet Space Cooperation [SOTSIALISTICHESKAYA INDUSTRIYA 16 Apr 89]	56
Obstacles to Increasing British-Soviet Trade [M. Bogdanov; SOTSIALISTICHESKAYA INDUSTRIYA, 30 Mar 89]	56
West European Officials Interviewed on Environmental Problems	58
Norwegian Prime Minister [G.H. Brundtland; SOTSIALISTICHESKAYA INDUSTRIYA, 2 Apr 89]	58
French Environmental Secretary [Yu. Kovalenko; IZVESTIYA, 1 Apr 89]	59

EAST EUROPE

Trade Representative in CSSR on 'Unfavorable Tendencies' in Bilateral Trade [N. Shevtsov; TRUD, 17 Feb 89]	62
Border Crossings Between Ukraine, Hungary Eased [A. Kuzma; PRAVDA UKRAINY 11 Mar]	63
Reasons for Polish Hostility to USSR Discussed [L. Pochivalov; LITERATURNAYA GAZETA, 5 Apr 89]	64
Social Effects of Hard-Currency Market for Consumer Goods in Poland [Yu. Belkin; SOTSIALISTICHESKAYA INDUSTRIYA, 25 Mar 89]	70
Polish Foreign Trade Minister on Free Currency Market, Trade With USSR [D. Yastshembskiy; TRUD, 22 Mar 89]	72
Soviet Trade Representative in Poland Interviewed [A. Starukhin; PRAVDA, 13 Feb 89]	73

LATIN AMERICA

Selected Articles from LATINSKAYA AMERIKA No 1, January 1989	76
Table of Contents [LATINSKAYA AMERIKA No 1, Jan 89]	76
International Role in Settlement of Regional Conflicts [V. P. Sudarev]	76
Political, Economic Conditions in Brazil Assessed [A. O. Tonin]	82
Chilean Communist Party Official Interviewed on Plebiscite Results [V. Teitelboim]	86
Economic Dependence of Developing Countries [A. P. Karavayev]	90
Unity of Leftist Forces Discussed, Part III (Conclusion) [S. I. Semenov et al.]	93
Role of Latin American Social Movements [E. Ye. Kuznetsova]	103
Brazilian Businessmen on Trade With USSR [EKONOMICHESKAYA GAZETA, Dec 88]	109
Brazil's Growing Role in Latin America, Relations With U. S. [V. Kobyshe; IZVESTIYA 19 Mar]	111
Cuban Official on Progress of "Rectification" Efforts [F. Linares Calvo; PRAVDA, 11 Mar 89]	117
Prospects for Nicaraguan Economic Recovery Poor [V. Nizskiy; SOVETSKAYA KULTURA 23 Mar]	119

CHINA, EAST ASIA

Increase in Amur Oblast Tourist Traffic to China [V. Davydenko; SELSKAYA ZHIZN, 19 Mar]	122
Vietnamese TU Delegation Visits Moscow [Unattributed; TRUD, 4 Apr 89]	123
Economic Problems in Haiphong Viewed [M. Domogatskikh, M. Korolev et al; PRAVDA, 30 Mar 89]	124
Benefits of Soviet-Vietnamese Cooperation [Nguyen Van Hieu; PRAVDA, 11 Feb 89]	126

NEAR EAST & SOUTH ASIA

'Operation Peace' Aid to Afghanistan Detailed [A. Davydov, L. Mironov; SOTSIALISTICHESKAYA INDUSTRIYA 22 Feb 89]	129
Military Drain on Israel's Economy [R. Orestov; SOVETSKAYA ROSSIYA 1 Apr 89]	130
Jordanian Delegation Visits Kiev	
Port Control New Dimension in Lebanon [A. Novotochinov; SOVETSKAYA ROSSIYA, 4 Apr 89]	131

SUB-SAHARAN AFRICA

Mali Party Official on Policy Priorities, Relations with CPSU [S.M. Traore; SOVETSKAYA ROSSIYA, 30 Mar 89][S.M. Traore; SOVETSKAYA ROSSIYA, 30 Mar 89]	133
---	-----

Marxism-Leninism Institute Discussion of 'New Thinking' in World Communist Movement
18070531 Moscow VOPROSY ISTORII KPSS in Russian No 9, Sep 88 pp 145-151

[Article by N.A. Borisova, I.I. Lunev, candidate of historical sciences, and N.M. Shatskaya: "New Political Thinking and the World Communist Movement"]

[Text] The real state of the communist movement and questions of its renewal, in light of perestroika being carried out in the USSR and the establishment of new political thinking, were the subject of a discussion organized on 1 June by the Marxism-Leninism Institute [IML] under the CPSU Central Committee. Participating in it were senior officials of the International Department of the CPSU Central Committee, scientific associates of the IML, AON [Academy of Social Sciences], and ION [Social Sciences Institute] under the CPSU Central Committee, the Institutes of Oriental Studies and the International Workers' Movement of the USSR Academy of Sciences, and representatives of the mass media.

Opening the discussion, Professor M.P. Mchedlov, deputy director of the IML and doctor of philosophical sciences, emphasized that the CPSU considers itself an integral part of the international communist movement. Perestroika, which is going on in all areas in our country, particularly in the sphere of Marxist-Leninist theory, its irreversibility and revolutionary character, of course, cannot help but be reflected in the international communist movement. Documents and speeches of leaders of many communist and workers' parties are evidence of this.

Today, profound changes are taking place both in the world as a whole and in the international communist movement, said M.P. Mchedlov. At the same time, outmoded stereotypes and concepts are being thrown out not only in politics, but also in science, for they no longer correspond to the realities of today and, due to this, cannot reveal the prospects of progress. The requirements to follow scientific honesty dictate a considered approach during analysis of such provisions, for example, as the issue of the leading role of the communist parties in the working-class movement and increasing their influence and prestige.

The current situation requires the implementation, creatively and in a Leninist manner, of a new serious breakthrough in the sphere of theory, the sphere of strategy and tactics, and in the mode of action of revolutionary forces. A complete return to the dialectical-materialist analysis of reality is needed. F. Engels' idea that development of revolutionary theory is the means of its existence is well-known. Scholars and sociologists are faced with a great deal of work on a new, in-depth analysis of contemporary imperialism, its ability to adapt to a situation, the current stage of the scientific and technical revolution, and changes in the social structure of the modern world. They are faced with

new efforts on studying global problems: Universal, class, national, and international dialectics; the struggle for peace; and the struggle for social progress and freedom of choice of paths of development. Here, too, a specific analysis of a specific situation is especially important. M.P. Mchedlov called on specialists in the area of theory and history of the international communist movement to concentrate their efforts on the analysis of timely theoretical, methodological, and political problems of today.

Active, resourceful study of problems of contemporary world development in light of the new political thinking is the indispensable link of the ideological processes of perestroika and renewal, said Professor L.M. Minayev, head of the IML Department of History of the International Communist Movement and doctor of historical sciences. An indispensable condition of success in this work is overcoming stagnation in the area of theory and all that is obsolete, has not proven itself, is conservative, and which manifested itself in the dogmatic, sectarian misinterpretation of Marxist-Leninist theory and policy, norms and methods of our research work. Many aspects of the activities of the communist and workers' parties are being subjected to constructive and critical analysis in the communist movement.

It must be admitted, the speaker noted, that quite a bit of theoretical elaboration over the course of many years did not correspond to the demands of our historically critical time, extremely saturated by events. Of course, ideological opponents of Marxism-Leninism assert that such errors and blunders are allegedly a reflection of the flaws of Marxism-Leninism itself. And here and there confusion arose among Marxists over the fact that our theoretical concepts did not provide answers to all of their questions. What is more, they also began to blame Marxism-Leninism itself for failures and also sometimes for defeats of individual vanguards of the communist movement. And other people began to resort to extremism, seeing in the immaturity and the groundlessness of individual decisions of the communist parties evidence that allegedly "the time of Marxism-Leninism has already passed."

There is nothing more mistaken than that position, said L.M. Minayev. We need to take into account that the difficulties of the search for optimal solutions to essential problems of the class struggle by communists are complicated by the enormous ideological and political pressure on progressive forces from imperialist reaction. Various voices are repeating the same thoughts about the "beginning of the end" of socialism, which they call the "last great religious concept," about "the last great illusion," about the serious crisis, and most often about the "end" of socialism as an historical alternative to capitalism. Capitalism is proclaimed the "sole" and "natural" order of human society.

L.M. Minayev stated that the critical nature of today's historical moment for the workers' and communist movement is largely expressed in the fact that perestroika in the USSR is bringing closer the end of the

period of stagnation, zigzags, piling up of unresolved problems and contradictions, unnoticed dilemmas, alternatives, uncertainties, and vagueness in the future.

The issues of world development and the international workers' movement are constantly being discussed at party forums and international meetings. Quite a number of substantive discussions were also conducted both at the inter-party level and at scientific-research institutions. The time has come for major theoretical decisions, and it requires serious efforts from specialists to enrich our ideological and theoretical arsenal in the sphere of the world communist movement.

V.F. Rubtsov, member of the editorial board of the magazine *KOMMUNIST* and candidate of historical sciences, said during the course of the discussion that the dialectics of universal and class [concepts] forms the nucleus of the new political thinking. The classics of Marxism-Leninism proceeded from the fact that the class [concept] is part of the universal [concept], since vital requirements of historical development serve as the standard of evaluation of the actions of any class and any social stratum. Here a specific historical approach and clarification of the theoretical contribution of the intelligentsia and science are especially important. The significance of those interests of the working class which are the manifestation of the universal [concept] and artificially contrasting the class [concept] with the universal [concept] was underestimated in the political practice of past years.

B.G. Kapustin, candidate of philosophy (AON), believes that the new political thinking is a reflection of the peculiarities of the transition from an industrial civilization, which gave birth to the nuclear threat to mankind's very existence, to a new type of civilization, in which the diversity of the formations of social systems is maintained. In addition, both socialism and capitalism are entering into new forms of cooperation, not only for the sake of saving mankind, but also because of the need to resolve their internal contradictions. Various versions of the new political thinking may arise: Marxist-Leninist, Liberal in the framework of the alternatives, "Greens" and other movements, Conservatives, etc. Thus, the new political thinking will be manifested in ideological pluralism in the world arena. Society is faced with a complex path toward comprehension of the need to create a new type of civilization. For Marxists, the new political thinking is contemporary Marxism and the development of its theory.

V.B. Rybakov (International Department of the CPSU Central Committee), candidate of economic sciences, noted that if one considers the new political thinking to be a synonym of world outlook, then it is legitimate to pose the question about various versions of thinking. But the fact is that the very concept of "the new political thinking" came into being from the practical realities of our era and the urge to soberly and responsibly see and evaluate the modern world. Adhering to this basis, one

can hardly look for varied ideological versions of the new political thinking. That is why the Soviet Union is appealing to all political and ideological trends in the world, without exception, with ideas of peace and cooperation that today's grim realities and the cause of saving mankind cannot be different for different parts of world society. We also propose to all political forces in the world to draw conclusions from this for practical activities in the political arena and to take part in a coalition of survival. In doing so, we are not talking about imposing this thinking on them.

I.I. Antonovich, pro-rector of AON and doctor of philosophy, supported V.B. Rybakov's point of view. He believes that one should not tie an earlier prepared, rigid conceptual apparatus to the new political thinking—to this phenomenon of political practice of the last 3 years. The danger of dogmatizing the heuristic potential of the new thinking may arise here. Of course, we have to clash with the intellectual limitations of Western political thinking and strategy, and with the primitive, narrowly conceptualized stereotypes evoked by the period of confrontation and the "cold war." However, the first victories of the new realistic approach can be seen in the examples of the well-known movement in relations between the U.S. and the USSR in the areas of disarmament and the Afghan question. According to I.I. Antonovich, the fundamental basis of the new political thinking consists, first of all, in the concept of an integral, interdependent, and interrelated world. Confining ourselves to universal values, the philosophy of the new thinking also comes forward, in essence, as an innovative and comprehensively developed system.

I.I. Antonovich sees the causes of the well-known slump in the activities of a number of communist parties as the narrowing of the old social base of communist parties, which occurred as a result of changes in the structure and system of functioning of contemporary capitalism, and the procrastination of fraternal parties in elaborating new reference points, values, forms and their work methods among the masses, especially among the intelligentsia and other middle strata. Mastery of the new political thinking is capable of effectively helping to increase of the role of communists in developing society and achieving new goals of social progress.

The problem of the correlation of class and universal [concepts] in the new political thinking, said L.B. Popov, (International Department of the CPSU Central Committee), is closely tied to the issue of the role of the working class. It would be more correct to talk about class interests and universal priorities, and not simply about general class and universal concepts. The working class in capitalist society must present its interests as all-important and universal. The preservation of civilization, defense of peace, and the prevention of a nuclear catastrophe are such interests today. And this thesis can become a common denominator for a very broad range of social and political forces. Here, the working class is called upon to fulfill its leading function in social development.

A.V. Shestopal, doctor of philosophical sciences (ION), noted that he adheres to the point of view about the need to conceptualize the new political thinking and elaborate its theoretical and methodological bases. It is precisely in this area that efforts must also promote the reduction of the disparity between political practice, which has moved ahead, and theoretical work. In the area of theory, our party's activities, both within the country and abroad, have yet to be stepped up significantly. The speaker did not support the opinion regarding the multitude of versions of the new political thinking, which, in his view, presents itself as a democratic alternative to what is occurring in the modern world. Marxism-Leninism has played an enormous role in the formation of the new thinking, although it was not the only intellectual force during this time.

The new political thinking, said E.N. Komarov, candidate of historical sciences (Institute of Oriental Studies, USSR Academy of Sciences), is not only recognition of the threat of mankind's destruction, but also a new view of the correlation of aims and means of politics, the honesty of politics, and its conformity to universal moral norms. It has as its primordial idea the peaceful coexistence of states with two different socio-economic and political systems. This idea has been set forth not only by the left, progressive, and democratic forces; it has also found reflection among those Western ruling circles who have proven themselves to be realistically thinking people. Therefore, the new political thinking, being a reflection of the contemporary stage of human thought, is not a monopoly of Marxism, which is its initiator. This does not at all mean that the political and ideological struggle in the world will end with the establishment of new political thinking.

The need to deeply imagine and conceptualize all concepts, including new political thinking, is obvious, noted V.B. Rybakov. However, this involves a completely specific political concept which was introduced into circulation by our state and party leadership after the April (1985) CPSU Central Committee Plenum. This was a realistic view of the world and, above all, new political structures and conclusions, which we proposed to others. The basis of this approach is that the world in its present form is an integral, interrelated world in which global problems may only be resolved jointly, in cooperation with all social forces, regardless of the positions they hold. The repudiation of ideologically based foreign policy also distinguishes the new concept of peaceful coexistence from the previous one. Therefore, the new political thinking is becoming a real platform for cooperation, construction of a new political system in the world, and democratization and humanization of international relations.

Individual theorists sometimes attempt to find the sources of the new political thinking in the works of mid-19th century thinkers, noted S.I. Semenov, candidate of historical sciences (ION). Of course, one can detect its sources in the works of Marxism's founders.

But the new political thinking is itself linked to man's awareness of himself as a cosmic self, with mastery of outer space, and also the ideas of the uniqueness of human civilization in the universe. Hence, the awareness of the integrity of the human world and the need for preservation of our civilization as a unique value. Therefore, the new political thinking is occurring in the mid-1980's as the understanding of these new realities, is being introduced first of all into politics, and then is already beginning to be conceptualized. The new thinking is not only a form of democratic consciousness, but also a universal value. It is germinating and will germinate among absolutely all classes, social groups, and strata, because all classes and strata and all political forces are beginning to realize the new realities of the space age.

Elaboration of the new political thinking as a new whole world outlook concept, said M.I. Basmanov, doctor of historical sciences (AON), is a service of the CPSU and the international communist movement. It is creative, developing Marxism that is able to cope with what mankind is most concerned about today. This is also an expression of universal interests in that form in which they appear to the whole world. A merit of the new political thinking is that it is based on the need for a new vision of the world due to its humanistic nature and is oriented toward all political trends and all mankind. If the new political thinking were to be separated into individual ideologies, it will simply die, without being able to become a universal value. As far as Marxism is concerned, remaining a scientific ideology of the working class, it is simultaneously developing universal values. There was a time when for proof that there was a universal [concept] in Marxism, scholars were accused of repudiating the class approach, and the ideological struggle itself acquired some repressive and punitive functions. Hence the gap between word and deed, duplicity, and other negative phenomena. Overcoming these later developments constitutes a subject of special concern for Soviet sociologists.

Insofar as the new thinking acts precisely as a political phenomenon, it needs an ideological basis, noted A.I. Doronchenkov, doctor of philosophy (IML). The new political thinking is not limited just to the sphere of cooperation of two social systems. It is closely associated with the problems of the world socialist system, as a part of which each socialist country cannot individually solve its problems. We must overcome the vestiges of the earlier declared thesis about the monolithic unity of the socialist countries and take national interests into account. It is important to find the correct correlation between national and international interests, both as individual countries and the socialist community as a whole, to develop a culture of international cooperation, and to observe strictly the principles of trust, sovereignty and equality. They are tied to internationalist responsibility, and that cannot be without objective information, competence, and professionalism.

The well-known slump of the international communist movement, emphasized V.D. Yezhov, doctor of historical sciences (IML), is in many ways connected with the fact that theory and scientific analysis did not move ahead of practice and policy, but only reflected, interpreted, and commented on what was outlined from above or what was already made a reality. The notion of development of the communist movement as continuous progress without particular difficulties or complications was imposed by individual leaders. They closed their eyes to the decline in communist influence on the masses, splits in the communist movement, and violations of cooperation between communist parties. Communists were also late in comprehending capitalism's ability to adapt to the new conditions of development and to master scientific, technical, economic, and other mechanisms of self-preservation.

Considerable complications for the communist movement arose, the speaker said, in connection with the fact that the broad masses began to be disappointed in socialism's ability to outstrip capitalism in scientific, technical, and social development, in quality of life, and in ensuring man's democratic rights. Of course, communists are striving to discover the objective and subjective causes of this, but the masses in the West prefer to think about the real situation and the results of development, and not about their causes.

The CPSU leadership's policy of perestroika and the establishment of new political thinking have given rise to great hopes among communists and broad sections of the West, and has increased interest in the ideas of socialism. V.D. Yezhov noted that the overwhelming majority of communist parties welcome our perestroika and new political thinking. At the same time, a discussion has begun among communists over questions of how to combine the concept of an interrelated and integral world with the confrontation of the two systems and class struggle; peaceful coexistence with the thesis about the aggressive nature of imperialism; and whether or not the policy toward political solutions of the problems in the world will lead to a weakening and disunity of anti-imperialist forces. Perestroika, its successes, and new political thinking, the speaker said, are important factors which will promote a new upsurge of the international communist movement. It is impossible to agree with the fact that such concepts as the revolutionary process, internationalism, the ideological struggle, and so forth are missing in the analysis of some of our sociologists. The priority of universal interests is exaggerated to such an extent that class goals are simply forgotten.

The prospects of the communist movement, said V.B. Rybakov, are closely tied to mastery of the new political thinking. In light of its demands, one must find an answer to the question of what are now the objective bases for a new upsurge in the international working-class movement, of which the communist and social-democratic movements are integral parts. I agree with

L.M. Minayev's opinion that, today, these two basic directions of the workers' movement have much in common. They have many questions for which adequate answers have not been found, and they sometimes jointly endure failure. A new theoretical analysis is needed to determine to what degree bases for the existence of these separate directions in the workers' movement are preserved or disappear in conditions of profound changes in the economic and social structure of contemporary capitalism.

A.V. Shestopal emphasized that the communist movement justly regards Marxism-Leninism as a pivot of the new political thinking, which also takes into account the many progressive spiritual trends which are raising the problems of peace, democracy, humanism, and ideological rebirth. Many fraternal parties point out that the theory and practice of perestroika stimulate creative searches for new theoretical and political solutions of urgent problems. The leftist forces are elaborating alternative projects of national development and a way out of crisis situations, seeing in the ideas of perestroika a socialist project for overcoming stagnant phenomena.

In these ideas, democratic forces are searching for ways to overcome "the goals of new technologies" not by a reduction but, on the contrary, an expansion of social programs, humanization of the economy, and democratic control over the introduction and use of new technology.

Theoretical elaboration of problems of the class struggle in the capitalist countries, noted L.B. Popov, have in a number of elements of the communist movement lagged a step or half-step behind from the current demands of the scientific and technological revolution. This has resulted not only in well-known reversals and the loss by some communist parties of their political positions, which was the topic of conversation at a recent meeting of the representative of communist and revolutionary democratic parties in Prague to discuss the work of the magazine *PROBLEMY MIRA I SOTSIALIZMA*. It is still a matter of sound selection of realistic prospects for communist parties. Those parties which came closest to an understanding of the consequences of the scientific and technical revolution and the transformations in contemporary capitalist society, the author believes, could have most actively and quickly made responsible conclusions on the basis of new political thinking. The communist parties of Italy, Spain and Belgium can be included among them.

The French Communist Party [PCF], emphasized A.I. Perminova, doctor of historical sciences (AON), interprets the profound changes occurring in the USSR and in other socialist countries in a completely positive manner. Materials of the 26th PCF Congress (December 1987) are evidence of this. The process of perestroika and its basic directions were analyzed for the first time in documents of the PCF Congress. They noted that the essence of the movement of profound transformation of

society that has unfolded in the USSR consists of achieving greater socialism and democracy; that, in essence, a "revolution within a revolution" is now taking place; and that priority is now being given to satisfying the needs of man himself.

It is apparent in the example of Latin America, said S.I. Semenov, that the communist parties that are most active are mastering the new political thinking, are introducing it into their political practice, and are creatively elaborating Marxism as it applies to their countries' specific conditions. This allows these communist parties to demonstrate political realism in approaches to problems of solving subregional, regional, and national conflicts by political methods. Serious movements are occurring in Latin America in the alignment of socio-political forces, and armed conflict is going on in a number of areas. The concept of the revolutionary process in this region is considered to be inviolable. Despite the most severe repression, imperialism and reaction have not succeeded in destroying a single Latin American communist party.

The speaker does not consider it completely correct to ascribe the laws of social development inherent to developed countries to this continent. Today, it is obvious that the old concepts of the revolutionary process, based on the sufficiency of political revolution only within national borders, are proving to be unsound.

A quite prolonged evolutionary process within the framework of the capitalist formation is becoming the near-term prospect for many, if not the majority, of the Latin American countries. Hence, there is a great need for elaborating a democratic alternative in new conditions of socio-economic development. Therefore, old theses about the revolutionary process need rethinking.

The unprecedented surge of massive anti-war and democratic movements, emphasized I.I. Lunev, candidate of historical science (IML), signifies a decisive invasion of the peoples masses and of a broad spectrum of new socio-political forces in fundamental issues of international development and social progress. The new political thinking induces communists not only to see the enormous potential of mass movements in the struggle against the threat of nuclear destruction and for the resolution of other global problems, but also to regard them as motive forces of world progress and as a powerful, real factor in the formation of public opinion.

The speaker believes that massive democratic movements, through their social base, scale, purposefulness and nature of action, offer broader social forces in comparison with the traditional understanding of the role of alliances of the working class. They are entering into the worldwide coalition of reason and survival. Hence, there is an urgent need to review the policy of communist parties in relation to mass movements. Communists regard these movements as equal partners in the overall democratic coalition. Political and ideological

divergences do not have to become an impediment to cooperation of democratic and peace-loving forces. This cooperation can, in turn, promote unity of action of the working class itself, communists, and social-democrats.

B.Ye. Manzerov, candidate of historical science (ION), dwelled at length on certain questions of developing a democratic alternative by the communist parties of Arab countries in light of the new political thinking. The program documents of the Arab countries' communist parties focus mainly on developing a democratic alternative. In its most general form, the statement of tasks of the democratic process cannot cause objections; however, their specific formulation and statement demand a more precise definition, according to the speaker. In certain countries of this region, the communist parties have traditionally tied the prospects of carrying out national democratic tasks with a socialist orientation, with a transition (or with a return) to the path of social progress (Syrian Communist Party). The specifics of this group of countries require analysis and a more precise definition of a number of questions, the answers to which will affect the roles of communists in these countries.

V.F. Masich, candidate of historical sciences (IML), emphasized that the basis of the new political thinking is the recognition of the priority of the universal values over certain class interests. The new philosophy of international relations advocated by the CPSU is based on such a conceptual approach. In this sense, it would be a mistake to overload this international category by artificially introducing ideological and class components into it. It is another matter that any foreign policy is based in some way or other on internal policy; in this sense, perestroika in the USSR, as one of the components of the new thinking, has a class and social underlying reason, and it is saturated with profound ideological content.

Later, the speaker dwelled on the significance of the document "Conflict of Ideologies and Mutual Security," prepared and adopted in August 1987 by the AON under the Central Committee of the Socialist Unity Party of Germany (GDR) and by the Social-Democratic Party of Germany (FRG) Commission on Basic Values. In it, the basic norms and rules of culture of political discussion are formulated, observance of which could promote the strengthening of peace and the development of a dialogue. The document makes special note that ideological conflicts do not have carry over to the area of international relations.

V.T. Altukhov, candidate of historical sciences (IML), believes that one of the symptoms of the trend toward renewal of the international communist movement is the rethinking of its problems in light of the new realities of our age. This is inevitably linked to criticism and self-criticism and to the disclosure of negative aspects in its development which have accumulated in the last decade. But it would be incorrect to limit ourselves only to

analyzing the weaknesses of our movement. The positive phenomena observed in recent years require attention and support. The peculiarity of the current situation is that in the communist movement, along with awareness of the stagnation in which it has found itself, there is progress. It is very important to retrace the directions in which this movement was begun.

M.M. Mukhamedzhanov, doctor of historical sciences (VKSh [Higher Cooperative School] under the Komsomol Central Committee), noted: The leaders of the communist parties of developed capitalist countries acknowledge that they are now experiencing difficulties in attracting young people to the ideas of socialism. These difficulties are the result both of the specific conditions of contemporary reality and of a specific legacy of the past. Understanding the reasons for this phenomenon is one of the guarantees of preventing it in the future. In those countries where the communist parties, in accordance with the new political thinking, are reviewing outmoded approaches to young people, they more deeply understand their general and specific interests and needs, and communists are succeeding in maintaining and even increasing their influence among young people. But on the whole, negative phenomena in interrelations with young people in capitalist countries have still not been overcome.

A merit of the present discussion, said Ye.S. Troitskiy, doctor of philosophical sciences (IML), is in the desire to examine the causes of difficulties being experienced by the communist movement and to outline ways to overcome them. In the years of the cult of personality, voluntarism and stagnation, the vulgarly understood class [concept] was sometimes combined with national nihilism. But no communist party can achieve success without the proper defense of the national interests of its people and without taking the concrete specific conditions of development of its country into account. And Soviet scholars must do quite a lot to overcome the national nihilism in their own history, to discover the noble intellectual traditions of the Russian intelligentsia, and to eliminate "blank spots" in our history.

N.Ye. Korolev, candidate of historical sciences (IML), raised the question of expanding the source study base for research of problems of the international communist movement. In addition to publication of documents from the archives, it would be useful to publish, as supplementary volumes to the Complete Collection of Works of V.I. Lenin, collections of documents published in the third edition of the works of V.I. Lenin to remove falsifications which were allowed. Researchers are also awaiting stenographic reports of the Comintern Congresses and the IKKI [Executive Committee of the Communist International] Plenums. I would like to see the work "History of Marxism," which was published in Italy, published in the Russian language.

Discussion will help to define more precisely the directions of scientific-research work in the area of the world communist movement on the basis of the new political

thinking and taking into account the influence of the factors of perestroika on it. The discussion's participants, guided by the ideas of renewal of the international communist movement put forth by the CPSU and other fraternal parties, were unanimous in their opinion that, today, it is necessary to observe the demands of realism, scientific detail, and a critical approach toward the analysis of urgent problems of the communist movement. These requirements can only be carried out on the basis of creative enrichment of Marxist-Leninist science.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Voprosy istorii KPSS", 1988.

Mechanism for Setting Diplomats' Salaries Abroad

18070601 Moscow KOMSOMOLSKAYA PRAVDA in Russian 2 Apr 89 p 3

[Item under the heading "Ask Questions": "Do You Want To Be an Ambassador?"]

[Text] How much does a Soviet Ambassador earn? [signed] N. Burykin, Lvov.

As the Currency and Finance Administration of the USSR Ministry of Foreign Affairs told us, the official salary rate for a Soviet ambassador abroad is set by decisions of the USSR Council of Ministers when diplomatic relations are established with each country. The amount of salary is set depending on the purchasing power of the currency in which he is paid, and on the level of prices in the country where he is stationed, so as to guarantee an appropriate standard of living for the Soviet representative and his family. This standard is determined by the so-called "budget framework" [byudzhetyy nabor], which envisages an appropriate amount of food products, expenses for clothing, publications, visits to cultural and entertainment events, leisure and so forth. The amount of salary for all the employees of the embassy and of other Soviet establishments abroad are calculated as a percent of the ambassador's salary: minister-counselor—95%; counselor—90%; first secretary—85%; second secretary—80%; third secretary—75%; attache—65%; and so forth down to unskilled workers—26%. The amount of the ambassador's salary is set in non-valuta rubles and paid in foreign currency (local or convertible) at a set rate of exchange, whatever the exchange rate is on payday. For instance, the salary of the USSR ambassador in Austria is 870 non-valuta rubles, in the GDR 800, in France 780, in the United States 1150, and in Morocco 700.

Soviet Peace Fund's Karpov on Activities, Financing

18070134 Tallinn MOLODEZH ESTONII in Russian 26 Jan 89 p 3

[Interview with A. Karpov by V. Babkin: "The Soviet Peace Fund Serves Mankind..."]

[Text] In connection with the large number of workers' letters to mass media organs, including to TASS, our correspondent V. Babkin asked A.Ye. Karpov, Soviet

Peace Fund chairman, international grand master and world active chess champion and ex-world classical chess champion, to discuss the Soviet Peace Fund's [SPF] activities in more detail and, in particular, the cause of strengthening peace, friendship, and mutual understanding among peoples.

It is curious that for this we did not have to search for this man who tirelessly travels across the country and the world: He himself came to the TASS offices, true, for a somewhat different purpose.

[Babkin] Why exactly have you dropped by, Anatoliy Yevgenyevich?

[Karpov] Recently returning from Australia, where I was attending a worldwide exhibition, I had the opportunity to bring back a personal computer for our Peace Fund. We want to use it to enter into the computer's memory a great deal of useful and needed information about the activities both of our fund and of related foreign funds, and about how they are promoting peace on our planet. We are interested in information about peace funds not only on a central, but also on a oblast scale. And not only about what they are doing, but also about how people talk about the Peace Fund. Such information is extremely interesting! As a matter of fact, this is precisely why I came to TASS, which has all such information at its disposal and can help us quite a bit in satisfying our contributors' and activists' requests in acquiring information on subjects of interest to them—subjects connected both with the Peace Fund and with the activities of international organizations, say, on international contacts, problems of peace and disarmament. We want anyone (not only a staff employee) who makes a contribution to our movement to be able in the future to call up on the screen and list all of the information needed by him. This should be a sort of excellent card index.

This is a very large job, and we thank our largest press agency in advance for the promised cooperation.

As for the interview, I accept this invitation with satisfaction. Especially since during live broadcast of the television program "Perestroyka" (4 January), in which the leaders of four public funds participated, including myself, we did not have time to answer all of the questions received both at the editorial office of the newspaper and at the Central Television [station]. And big changes have occurred in the operation of the SPF [Soviet Peace Fund].

[Babkin] Namely, what kind of changes?

[Karpov] We have begun to make public our decisions and completely revealed information on revenue and expenditures, and on programs. Glasnost and openness have become an integral feature of our fund's activities. Therefore, the need to create and publish our own magazine is becoming increasingly clear now. In the era of glasnost, we are simply obliged to inform broad

sections of the public about our fund's activities. There are things to write about, there are specific examples from life, examples of humanism, internationalism and patriotic work, which is being conducted by activists of the peace fund movement. And the fund is rich with such people: There are more than 100 million people.

And there is still one more real addition. It is a critical time for the our fund's activities, because much attention is now being given to public organizations. They have been afforded the right to nominate and elect people's deputies. An SPF Plenum was held on 6 January, and an SPF Conference will take place on 13-14 March. I remind you that this fund has been in existence since 1961.

[Babkin] What are the total receipts and expenditures of voluntary contributions which the SPF receives?

[Karpov] We have published this information for 1987 and 1988. Receipts in 1988 totaled 201.6 million rubles. It is harder to answer briefly about the expenditure of funds: I ask those interested to follow the articles in the weekly ARGUMENTY I FAKTY, where an accounting of expenditure of SPF funds for 1988 will be published in one of the next issues. In a summarized form, this information can be presented as follows: 27.5 million rubles for peacemaking activities of Soviet social organizations and developing ties and contacts within the framework of "peoples diplomacy;" 16.5 million rubles for rendering material aid to victims of war and aggression and to the populations of countries suffering from natural disasters; 92 million rubles for improving living conditions and medical treatment of invalids and veterans of the Great Patriotic War, and to soldier-internationalists, single, aging, and disabled parents and widows of servicemen who have died defending the Motherland; 38 million rubles for rendering urgent aid to earthquake victims in Armenia and for building two hospitals, schools, and pre-school institutions in afflicted districts of that republic. In addition, approximately 6 million rubles have been allocated for implementing local programs and projects of SPF kray and oblast branches.

These are the basic directions of expenditure of SPF funds in 1988. In sum, they total 180.7 million rubles. Approximately 20 million rubles are our reserve fund, necessary for financing any unplanned measures.

[Babkin] And if you were to define concretely all these expenditures?

[Karpov] Certainly. One of the fund's most important decisions was made after a USSR Council of Ministers resolution on improving the living conditions and medical treatment of invalids and veterans of the Great Patriotic War. Beginning in 1991, our state is planning to assume responsibility for all expenditures for this item. But we have already decided now, without waiting until then, to allocate funds for this purpose for the 1989-1990 period, and 22.8 million rubles will be spent on this.

The Belorussian Peace Fund has shown an important initiative. In our country, care of invalids basically begins either in the home or in the hospital. But they also have a problem in cultural pastime. Just how can an invalid travel about town? We do not have any special buses or transportation assets. And now, on the initiative of Belorussian activists, appropriate developments are now ongoing, and a scheduled bus for serving invalids will make its appearance in Minsk. It will be specially adapted for them. If they need to go to the theater or somewhere else in the evening, even to the very same hospital, then by means of this bus with special entrances and so forth, they can get anywhere they need. It is possible that this will be our joint program with the health and charity fund. And we will extend this practice to the largest cities of the Soviet Union.

Rehabilitation centers are being established to render aid to soldier-internationalists where the boys not only need to return or be restored to health, but can also be given a profession, that is, to attempt to return them to active public life.

[Babkin] Of course, we must talk separately about the Armenian disaster...

[Karpov] Yes, literally the entire nation has responded to this tragedy. The SPF board, together with the Committee for the Defense of Peace, made a decision to allocate 20 million rubles as urgent aid to the victims the day after the earthquake. This occurred literally several days after the Peace Fund had decided to render 600,000 rubles worth of assistance to the refugees in Armenia and Azerbaijan. And later we allocated, jointly with the Committee for the Defense of Peace, 15 million rubles more for construction of facilities in Armenia.

We are talking about a cultural and sports center in Leninakan, a hospital, schools, and children's preschool institutions. When I was in Armenia before the New Year, a decision was made about exactly where all of this would be built. The only question remaining now is about construction of the children's preschool institutions. In all likelihood, they will be built in Spitak, Leninakan, and Kirovakan. Thus, we were one of the first to approve construction sites and receive a firm decision of the Politburo special commission.

It must be said that this is only what was undertaken at the central board—the allocation of 38 million rubles in aid to Armenia. In addition to this, kray and oblast branches of the Peace Fund made their decisions, and this totaled approximately 6 million rubles.

[Babkin] Would you tell us about the international activities of the SPF? Just what are the basic directions here?

[Karpov] They are also multifaceted. Thus, there were many questions about Ethiopia and hunger in Africa. We believe that, since this problem has existed for several

years now, we need to devote attention not to some sort of one-time aid, and to find a way to fight this problem at the root, so to speak. In this regard, the SPF has a joint program with "Project Hunger", an international governmental organization. This involves financing scientific research on the problems of increasing harvest yields and some other measures (we cannot prevent drought). This involves agricultural orientation, with participation in training of specialists in this field. There is a possibility of delivering equipment, but we need transportation assets for this. And SPF can supply them, say, for transporting foodstuffs. We are now working in this direction.

[Babkin] What what is the personal contribution of the chairman of the SPF board in the work of this organization, insofar as your activities both in this role and as an international grand master with "building bridges" of friendship between peoples and continents?

[Karpov] You know that I have been chairman of the Peace Fund board since 1982, but I am not a novice in the movement of peace advocates. Literally from my first trips (and I then traveled a great deal for the Union of Societies of Friendship with Foreign Countries) and did quite a bit in this regard. In 1976, I was awarded the Great Gold Medal of Paris and received a certificate signed by the then mayor of Paris, Jacques Chirac, for a major contribution in developing friendly ties between the USSR and France. I also have awards from the cities of Rome, Turin, and others, received at various times.

[Babkin] And what about recent events?

[Karpov] The GDR team has not participated in the Worldwide Chess Olympiad since 1972. And now finally, it recent played in Salonika, although the question of its possible participation at the 1990 Olympiad was only recently considered. I would like to believe that my presence in Berlin in the second half of October, where I participated in an active chess tournament sponsored by the Soviet House of Peace and Friendship in Berlin, which opened just prior to this, and also my speech at a press conference had an influence on an "ahead of time" GDR team Olympic start. One way or another, there was one more participant at the largest worldwide team competitions, and the mass nature is the main component of the "Tournaments of Nations."

Overall, the opportunities for a sportsman and chess player's public speeches are very great, and insofar as my strength and energy allow, I attempt to carry the ideas of peace, friendship, and mutual understanding among peoples both in the USSR and beyond its borders.

[Babkin] As far as is known, you do not get a salary for leadership of the SPF board, and readers ask if you have a very large staff?

[Karpov] There are 27 people on the SPF board and Moscow municipal branch. Locally, there are 2 to 3 people in republic, kray, and oblast branches. These same workers are also the staff workers of the local committees of the defense of peace. We do not spend a single ruble from voluntary contributions to the SPF on staff wages.

[Babkin] Who makes decisions on expenditure of funds?

[Karpov] The Collective Election Agency, which is the board and the SPF board of directors.

[Babkin] Who monitors the expenditure of funds?

[Karpov] The SPF Audit Commission, the staff of which is elected at an all-union conference. The Audit Commission is not accountable to the SPF board.

[Babkin] And just what is the story with public funds participating in the conduct of one of the beauty contests?

[Karpov] In connection with the publication of well-known materials in the newspaper MOSKOVSKIYE NOVOSTI and in the first issue of the magazine OGONEK, which troubled a great number of SPF activists, I must say: The Soviet Peace Fund (just like the Soviet Children's Fund) had no relationship whatsoever with the conduct of the "Beauty Pageant."

[Babkin] What else is in the SPF plans?

[Karpov] One of the Peace Fund's concerns is to make our sacred principle a reality—to immortalize the memory of all who died during the Great Patriotic War. "No one is forgotten..." We say these words often, but we have to make it so that the memory of the war's victims is truly eternal. In this regard, there is a very interesting experience in Belorussia, Georgia and a number of other republics, where "Memory" books have been published. The Soviet Peace Fund board considers it necessary to create such a book on a all-union scale, so that the names of all who gave their lives in the struggle with the fascist aggressors in the name of the triumph of the ideas of peace on earth will be placed in it.

[Babkin] What sort of cooperation is there between the SPF and other funds?

[Karpov] I already partially touched on this question. But at the same time, there is no doubt that our efforts must still be more seriously coordinated, although as was stated above, we already have joint programs of action, for example, with the health and charity fund. Incidentally, it is wonderful that such words as "mercy," "charity" and "compassion," those words which had practically disappeared from our lexicon, are returning. They cannot now even be found in dictionaries of

philosophy and economics, and encyclopedic dictionaries... Especially those published in the recent past. For example, Dahl gives the best definition of "philanthropy." It is concern about a better fate for mankind.

[Babkin] Is the establishment of a large number of public funds generally advisable?

[Karpov] This question is more properly addressed not to the Peace Fund, but to all of Soviet society. I think that it is an objective process which meets the spirit of perestroika on all aspects of public life. If there is a social need, and the main thing, if there are people morally and materially willing to support new public funds, then let them develop for the good of our society.

[Babkin] Thank you for the interview. We wish you success in the quarter-final match of the competitors for the world championship in the new round of the world chess championship "crown" which you face in several days in Seattle with the Icelandic grand master Johann Jartarsson. And let us hope that a new step will also simultaneously be made on the path to peace and happiness of the two great powers—the USSR and the United States.

[Karpov] Thank you, till we meet again.

U.S. Policy Toward Asia-Pacific Region Criticized
18070128 Moscow PRAVDA in Russian
20 Feb 89 Second Edition p 6

[Article by Oleg Skalkin: "Who Is Challenging Whom?"]

[Text] In recent years, the situation in the Asian-Pacific Region [APR] has become firmly established as one of the main themes of international affairs. The Soviet policy program in this direction, arising from M.S. Gorbachev's speeches in Vladivostok and Krasnoyarsk and the speech given by the Soviet leader at the United Nations on 7 December of last year, is not losing any of its timeliness. "The Soviet Union," writes the French newspaper LIBERATION, "is changing the rules of the game that have been in effect in Asia for 40 years. But neither the new rules nor the new trump cards are yet clear." I will allow myself to disagree with the last thesis of my French colleagues. As I see it, the aims and direction of the "new" Soviet policy in the APR, and we are talking precisely about the whole enormous region in this case, are completely understood and defined. It is not accidental that the most varied authorities, including the Americans, recognize "its unambiguous and positive influence on the majority of Asian states." At the same time, in a number of cases, this is expressed in support of Soviet initiatives and in actions for their development on a regional level.

True, unfortunately, this cannot at all be said about the United States. Apparently, the INTERNATIONAL HERALD TRIBUNE was right when it announced the other day that the "United States for sure will end up

embarrassed over promises of reducing Soviet military might in the Asian-Pacific Region." Washington, to whom the Soviet proposals are primarily addressed, is avoiding the invitation to joint action on strengthening security in the APR. On the contrary, the U.S. is ceaselessly building up its military, including nuclear, potential there. It can in no way correlate its policy in Asia and in the Pacific Ocean with improving the general international climate, with destroying intermediate and shorter-range missiles, and with the prospects of reducing strategic weapons. In the Far East, in the Pacific Ocean, and in all that affects Washington's policy, the Soviet Union "remains the potential enemy and the bearer of a threat."

What is this, a political anachronism or still the norm of American policy? The confrontational orientations and views are reinforced by impressive militaristic preparations, clearly going beyond the framework of "ensuring the security" of the U.S. and its allies. For example, maneuvers planned for this fall in the Pacific Ocean under the code name "PacEx," the largest in history, will include the regions adjacent to the Aleutian Islands, the Sea of Okhotsk, the Sea of Japan, and the South China Sea. Judging by a report in the SANKEI SHINBUN, their provocative touch is being felt even within the Japan National Defense Agency, which has been invited to participate in the war games. And for the Americans, this is the order of things which was, is, and will remain "henceforth and for all time."

Such a desired "strategic freedom" for them in the Pacific and Indian oceans is not too reassuring on a global context. Is it not the intention here to compensate for the dressing-down of nuclear potential in one section of the world by building it up in another? It is actually impossible to agree with the suggestions addressed to us to accept as fact all that is being done in the APR by the United States.

Judging by it all, the arrival of a new administration in Washington does not promise any fundamental changes in American policy in the APR. So far, there has been little said officially in this regard. But, from the variants which are "being run out" before the public, no changes are in the air. Emphasis is being placed on establishing exclusive positions of America virtually everywhere in the region in the spirit of the presumptuous notion about the Pacific Ocean as an "American lake" and about the Indian Ocean as a sphere of U.S. "vital interests."

An article entitled "The Asian Challenge to Bush" was recently published in the INTERNATIONAL HERALD TRIBUNE. It first examined the problem in the economic aspect. In 1987, U.S. trade with Asia (but again, meaning the APR as a whole) reached \$240 billion; trade with Europe during this period "drew" only \$170 billion. It is expected that by the year 2000 trans-Pacific trade will double trans-Atlantic trade. In summary, advice to the new U.S. president: "Do not let up pressure on America's trading partners in Asia to keep their markets

open for American goods." What an approach. And looking forward to the 21st century, they are not talking about cooperation on the basis of equality or proposing mutual benefit—they are demanding diktat! Like in "the good old days?"

From here, just as two times two equals four, follows the military side of the orientation. The U.S. has vitally important interests in the region in the form of bases in Japan, the Philippines, and South Korea. Maintaining military commitments in Asia appears to be Bush's greatest challenge...

It must be said that neither position of the "opening of America" makes or harbors a grain of new thinking. But the advice is directed to the American president, and it comes not from a stranger. Roger Brooks, author of the article in the INTERNATIONAL HERALD TRIBUNE, became the director of Asian Scientific Research Center after he left service at the State Department; therefore, he is an expert. And judging by the tone of his article, he is fighting for some highly influential and concerned clients. Thus, there is sense in his realism: Formulating a comprehensive policy that will determine U.S. economic and strategic relations with the countries of Asia and the Pacific Ocean may turn out to be one of the most difficult tasks for the new leadership in Washington.

Meanwhile, no matter how much the "Soviet threat" is trumpeted in Washington or in Tokyo, the Americans understand it is not the Soviet Union that threatens their positions, but the current course of events in the APR. Our approach to this gigantic part of the world is based on the recognition and understanding of realities that exist in the region. And no one in Moscow is thinking about how to knock the U.S. out of its Pacific "positions."

But really, Asia and the Pacific Ocean today are not what they were yesterday. And new changes will burst forth tomorrow. The countries of the region are gradually freeing themselves from the vestiges of the colonial era and are closing the gaps of backwardness, and some of them, by their rates of development, have left even their former trustees behind. The "technological miracle" on which Japan has achieved the heights of progress has not remained an exclusive phenomenon, which the experience of South Korea, Malaysia, Singapore, Taiwan, and Hong Kong shows. The economies of the ASEAN countries are growing rapidly. India's industrial potential is becoming stronger. The whole region is on the move: three-fifths of the planet's population and half of the earth's land surface. They are not idly predicting that the 21st century will become the "Pacific Century" in the sense that the main economic centers are merging here. All of the region's countries are undoubtedly interested in their goods entering the foreign market, including the large-capacity U.S. market. But they will oppose exploitation by means of diktat and unequal exchange. And if they are still dreaming of this in the headquarters of

American monopolies, then such an approach will undoubtedly encounter difficulties or, as the INTERNATIONAL HERALD TRIBUNE writes, will become "Bush's Asian Challenge."

The warnings are also real with regard to U.S. foreign policy. Soviet initiatives in the Asian-Pacific region are so strong that they are absorbing the predominant moods of the region within their sails. A healthy, positive, and promising process is ongoing here. Withdrawal of the limited Soviet contingent from Afghanistan has indeed created a wave of good will in the region. From Delhi to Wellington, it is perceived as a stimulus for efforts on strengthening peace and security. Today, normalization of the situation in Kampuchea has come within reach; the ASEAN countries are actively participating with Hanoi, Phnom Penh, and other parties to the conflict in the process of searching for a solution.

The creation of a zone free of nuclear weapons in the South Pacific Ocean expressed many of the true expectations and hopes with which millions of people in the boundless expanses of the region live today. Urgent work is being conducted to establish similar zones in the Indian Ocean and in Southeast Asia. But Washington strategists are striving to preserve their military bases and springboards, deploy new nuclear weapons, move military maneuvers closer to Soviet borders, and build up the forceful "insurance" of its policy. It is precisely in this approach that the real challenge and threat to the interests of the peoples of Asia and the Pacific Ocean exist. It is a challenge to all who thirst for security, stability, normalization of the regional political atmosphere, a reduction in military confrontation, and elimination of the threat of war.

Trade Unions, IAEA Meet To Discuss Nuclear Energy Safety

Shalayev Speaks

18070606a Moscow TRUD in Russian 8 Apr 89 p 3

[TASS item: "Cooperation with the IAEA"]

[Text] Vienna, 7 April—A broad circle of problems connected with strengthening international cooperation in the cause of developing nuclear energy and with the role of trade unions in assuring the reliable working of atomic power stations is the center of attention at a consultative meeting of representatives of the International Atomic Energy Agency [IAEA] and several trade union organizations, which has opened here.

Speaking at the opening of the meeting, IAEA Director General Hans Blix noted that nuclear energy, which occupies an important place in the overall world energy balance, is widely used in industry, agriculture and medicine. At present about 430 atomic power stations are operating in 26 countries of the world, producing about 16 percent of all energy produced in the world.

S. A. Shalayev, chairman of the All-Union Central Trade Unions Council [AUCTUC], said in his speech that Soviet trade unions consider that atomic energy plays a large role in accelerating the economic and social development of the country.

The tragic lesson of Chernobyl, he noted further, shows that the entire concept of the safety of nuclear reactors must be reconsidered in general. The disaster agitated public opinion. The lesson of Chernobyl is not that we should reject nuclear energy, but that we should concentrate attention on lessening the risk involved in operating atomic power stations. Their safe operation is possible and demands that a whole range of measures of continual and strict oversight of the state of affairs in nuclear energy be taken, including oversight by social organizations.

Joint Document Presented

18070606b Moscow TRUD in Russian 9 Apr 89 p 3

[TASS item: "In the Center of Attention of the Meeting—Nuclear Energy"]

[Text] Vienna, 8 April—The necessity of strengthening the international regime of the safe development of nuclear energy and of the wide involvement of trade unions in the processes of adopting decisions in this area was emphasized at a consultative meeting of IAEA representatives and trade union organizations

Trade union delegations from 18 countries with a developed nuclear energy industry, and also several international trade union federations, participated. AUCTUC Chairman S.A. Shalayev headed the Soviet delegation.

Over the course of two days at IAEA headquarters an interesting exchange of opinions took place on the future of nuclear energy and on ways to increase the reliability of operation of atomic power stations. Trade union officials noted that for the foreseeable future, taking into account economic and ecological factors, peaceful atomic energy will be one of the basic sources of satisfying the growing demand for electrical energy.

It was emphasized at the meeting that assuring its safety is the key question in the further development of nuclear energy. This problem is in essence international and it demands the widening of cooperation and the active involvement of social organizations, including trade unions, in this process.

In a joint document presented by the trade union organizations, the necessity of guaranteeing the participation of trade unions in developing and carrying out a broad complex of measures to assure the safe operation of atomic power stations is emphasized in particular. The IAEA in its

activities should devote more attention to questions of safety in nuclear energy. The trade union representatives stated that it is also important to step up the carrying out of independent international inspections of atomic power stations without advance notification of governments.

Editorials Laud Vienna CSCE Concluding Document

Aspects of 'Common European Home'

18070520 Moscow ZA RUBEZHOM in Russian
No 5, 27 Jan-2 Feb 89 p 1

[Editorial: "Foundation of the 'European Home'"]

[Text] The productive conclusion of the Vienna meeting was made possible by the goodwill of all its participants, their sense of responsibility, their realism, their political will, their attempts to give one another's interests equal consideration, and their mutual search for reasonable compromises to strengthen the bases of cooperation in Europe. The meeting owed its success to several favorable circumstances in today's world: the progress in Soviet-American relations, particularly the conclusion of the INF Treaty, the relaxation of international tension, the reinforcement of East-West relations, and the progress in the resolution of disarmament issues and the settlement of regional conflicts. The dialogue between Moscow and Washington provided momentum for the search for solutions in the sphere of human rights and humanitarian cooperation. Processes in Soviet foreign and domestic policy and perestroika had a beneficial impact. The vigorous democratization of Soviet society with the simultaneous precise defense of our principles have also influenced the unconstructive position of the West by inclining it toward consent. As all observers agreed, M.S. Gorbachev's speech in the United Nations marked the beginning of the move toward the quick drafting of the concluding document and the conclusion of the Vienna meeting.

We must admit that the Vienna meeting was distinguished by intense political battles. The differences in the positions of the participating states, including differences in matters of principle, were significant, and the road to the conclusion of the work of the meeting with meaningful agreements was long and hard. Several of our Western partners tried to distort the essence and purpose of the all-European process in such a way as to reduce it to isolated questions of human rights with a biased interpretation and a disregard for other major and truly cardinal aspects of security and cooperation in Europe. Nevertheless, in spite of the natural "potholes" represented by diverging views and the artificial obstacles, the participants were able to lay the foundation for the "European home" they hope to build. The role of the neutral and non-aligned countries, which made such a great effort to serve as coordinators during the drafting of a mutually acceptable document, warrants special mention.

The more than 100 pages of the concluding document and its appendices represent a massive program of agreements and pledges by countries participating in the development and reinforcement of cooperation in all areas of contemporary international life.

The greatest achievement in safeguarding security and cooperation in Europe is the agreement on ways of advancing the cause of disarmament on our continent and beginning the planning and organization of a new group of measures to strengthen trust and security. Two sets of talks will begin in Vienna in March—one set between the states of the Warsaw Pact and NATO (there are 23 of them) on the reduction of armed forces and conventional arms in Europe from the Atlantic to the Urals, and another set of talks between all participants in the Vienna meeting on a new generation of security and confidence-building measures on our continent.

Today it is impossible to win the arms race, but it is possible to destroy civilization. The safeguarding of security is taking shape as a process by which all states will work together to establish political, military, legal, material, organizational, and other guarantees of peace that will exclude the very possibility of war.

Agreements satisfactory to all parties were reached in the part of the document defining the principles of the all-European process. They record statements of principle regarding respect for national legislation and the rights of states to choose and develop their own political, social, economic, and cultural systems and establish their own laws and administrative regulations. An agreement was reached on the statement regarding the territorial integrity of states, the peaceful settlement of disputes, and the common struggle against terrorism. Another important agreement was reached on the need for the CSCE countries to take measures to coordinate their laws, practices, and policies with their own international legal obligations and signed agreements.

Important results were achieved in decisions on the matters making up the so-called "second basket" (economic, scientific, technical, and environmental issues). The importance of cooperation in these areas has increased immeasurably. It took some effort to elevate them from the status of a "stepchild" of the all-European process. As a result, the concluding document contains important statements on the development of trade, the reduction and elimination of accumulated obstacles to trade, the expansion of scientific and technical cooperation, the encouragement of industrial cooperation, and so forth. Within the context of the development of the Helsinki process, the establishment of official relations between CEMA and the EEC should be regarded as a step toward the creation of a single European economy and the reinforcement of the economic foundation of the "common European home."

The new political thinking takes in all spheres of international relations, including human rights and humanitarian issues. This was the most difficult area for agreements because the issues included in the "third basket" are directly related to the ideologies and practices of

countries of different social and political systems: inter-personal contacts, exit visas, the activities of unofficial associations, information, culture, education, and the legal aspects of these issues.

Respect for human rights is an important factor contributing to peace and justice, and the humanitarian sphere is regarded as one of the bases of a comprehensive system of international security. In our country we hope to develop and intensify the democratization of all spheres of public life, and the entire group of the sociopolitical and personal rights and liberties of the Soviet individual should serve this goal. The human factor is becoming the main driving force of the ongoing revolutionary perestroika. Massive efforts are being made in the USSR for the organization of a just society and for the expansion of the bases of international humanitarian cooperation within this framework. In Vienna the socialist countries did not allow the West to put them in the position of "defendants" in the sphere of human rights and humanitarian issues. They were equal partners in the talks, and in many cases they led the fight for genuine human rights.

As a result, the agreements in this sphere in the concluding document represent qualitative and quantitative advances in comparison with the Helsinki Final Act and the Madrid concluding document. For example, an important and conceptually new element among the results of this meeting is the agreement on something like confidence-building measures in the humanitarian sphere—on the creation of a monitoring mechanism for the exchange of information, opinions, and even complaints against one another by participating states in connection with the actual steps taken to fulfill obligations.

The approach to international relations from the standpoint of the human dimension (this is how the matter is worded in the concluding document) is becoming the only possible, realistic, and truly workable principle of international politics and is acquiring what could be called a strategic nature. The implementation of the Vienna mandates on the three-stage conference on the human dimension of the all-European process in Paris, Copenhagen, and Moscow, the information forum in London, and the symposium on cultural heritage in Krakow should serve the cause of humanizing international relations and "collaboration" in the humanitarian sphere. These steps attest to the disappearance of "cold war" stereotypes and a move from confrontation to mutual understanding and interaction by representatives of different outlooks.

The results of the forum are important for the present and the future. The resulting consensus is an indication of the qualitatively new status of Europe. The concluding document of the Vienna meeting, as M.S. Gorbachev

said, "is an unprecedented event in terms of content, in terms of goals, and in terms of the probable variety of positive consequences in Europe and the rest of the world."

Prospects for Conventional Forces Talks

18070520 Moscow ZA RUBEZHOM in Russian
No 6, 3-9 Feb 89 p 1

[Editorial: "Europe and Disarmament"]

[Text] The mandate for talks on conventional armed forces in Europe, which were agreed upon at the Vienna meeting by representatives of the states party to the Conference on Security and Cooperation in Europe, envisaged the commencement of the talks in March by 23 states: 16 NATO countries and 7 Warsaw Pact states. The purpose of the talks is "the reinforcement of stability and security in Europe by establishing a stable and safe balance of conventional armed forces, including conventional weapons and equipment, at lower levels." The talks are to eliminate "imbalances" and "the potential for surprise attacks and for the start of large-scale offensive actions." All of the land belonging to the participants in the talks in Europe from the Atlantic to the Urals was defined as the site of application.

In this way, the first step toward disarmament—the elimination of Soviet and U.S. medium- and shorter-range nuclear missiles—is being followed by preparations for a second step, a multilateral step in the sphere of conventional arms and armed forces, which should clear all of the powder kegs out of the "basement" of our "common European home" so that people will not have to sit on them any longer.

The Soviet Union and other socialist countries have insisted on this for a long time. The 15 January 1986 statement setting forth the plan for complete nuclear disarmament by the year 2000, for example, also envisaged conventional force reductions. A comprehensive program in this area, presupposing the elimination of imbalances and inequalities on both sides as a start, was hammered out at the conferences of the Warsaw Pact Political Consultative Commission in Budapest in 1986, in Berlin in 1987, and in Warsaw in 1988. It was on this basis that the socialist countries held consultations on the nature of the mandate for the upcoming talks by the 23 states, displaying not only a desire for real force reductions but also a flexible approach to the matter.

The measures taken by the Warsaw Pact states for the unilateral reduction of their armed forces, equipment, defense budgets, and military production volumes served as new and tangible evidence of their intention to lower the level of military confrontation between the blocs and secure stability in line with the principles of reasonable sufficiency for defense. These measures, which are completely consistent with the spirit and letter of the concluding document approved in Vienna, are of tremendous political significance because they will aid in

creating a favorable climate on the eve of the talks by the 23 states and will deal another blow to the myth of the "military threat" supposedly posed by the East. They are also of serious military importance because the reductions are quite sizable and are being made by all seven socialist countries scheduled to take part in the talks. For the USSR this means a 12-percent reduction in armed forces personnel (240,000 of the half a million in the European half of the country) and the reduction of the military budget by 14.2 percent and of weapons and materiel production by 19.5 percent. The respective figures for other countries will be 12,000 and 15 percent for Czechoslovakia, 10,000 and 12 percent for Bulgaria, and 10,000 and 10 percent for the GDR. Poland will reduce the size of its army by 15,000 men and the proportion of the state budget used for military appropriations from 7.7 to 5.5 percent. Hungary will reduce the size of its army by 8.8 percent and its military output by 31 percent. Romania already reduced its military expenditures and army personnel by 5 percent in 1987. The process has begun quickly in all of these countries, without being related to the upcoming talks or their outcome. These measures are also important from the military standpoint because the reductions apply primarily to the types of arms in which the Warsaw Pact is superior. They are changing the structure of the groups of Soviet troops stationed in the socialist countries by envisaging the withdrawal of tank divisions, assault landing and ferrying units and combined units, and tactical weapons first. This is completely consistent with the Warsaw Pact's defensive doctrine.

The words a prominent Soviet academic addressed to NATO representatives are being quoted widely in the Western press in connection with the unilateral reductions: "We are planning to do something quite terrible to you. We are planning to deprive you of an enemy."

It is a fact that the North Atlantic bloc has justified its existence and the buildup of its military potential for the last 40 years with the existence of the Soviet military "menace." It turns out, however, that there is no threat of attack by the "Soviets" and that the Warsaw Pact countries are also making troop reductions without stipulating any conditions. As the WASHINGTON POST remarked after M.S. Gorbachev addressed the United Nations, "the reductions announced by the Soviets are large enough to be applauded and are certain to make an impression on the West Europeans." Now this impression has been reinforced. Nevertheless, although many statesmen (FRG Foreign Minister Genscher, for example) and several press organs appreciate the military and political "signals" coming from the East, the NATO leaders and the conservative press have taken a more complex stance. Although they acknowledge the significance of the Warsaw Pact measures and applaud them as a step in the right direction, they are also trying to obscure them with several standard arguments: They are saying that Warsaw Pact forces will still be superior, that it will be impossible for NATO to verify the reduction of military budgets and production volumes, and that the

Warsaw Pact countries are trying to win the propaganda battle for the minds of the West Europeans and thereby cause a rift in NATO. "Gorbachev's approach is dangerous," England's DAILY TELEGRAPH warned, "because its effect on Western public opinion could undermine Western security." People in London and Washington are not concealing the fact that they are gambling on the retention and modernization of short-range nuclear arms. It was no coincidence that English Foreign Secretary Howe visited Bonn expressly to "prove" to Genscher the "impermissibility of dissension in such key areas as the modernization of tactical nuclear arms" and convince him that NATO "must not lay down its arms." With a view to the upcoming elections, the mood of the public, and the demands of opposition parties for a constructive response to the East's peace initiatives, the Government of the FRG is trying at least to postpone the decision. This is apparently why new U.S. Secretary of Defense Tower mentioned the "vital need" for modernization again when he addressed a conference of the Werkunde martial sciences society in Munich and made frightening references to the Soviet "menace" in an attempt to urge the West European bloc allies to increase their military spending.

People in Washington and the headquarters of the North Atlantic alliance are reinforcing their demands with distortions of the actual balance of power between the two blocs. But after all, the Warsaw Pact and NATO have approximately equal military potential, and this gives no one any reason to hope for decisive military superiority. There are specific areas, however, in which either the East or the West is superior, and this is discussed in great detail and in precise terms in the statement by the Warsaw Pact Committee of Defense Ministers. In fact, whereas the Warsaw Pact is superior in tanks, armored personnel carriers, and artillery, NATO is superior in assault aircraft, helicopters, ships with cruise missiles....

This statement was published in response to the refusal of the Atlantic alliance's leaders to conduct an official exchange of numerical data at a time when they are supplying the Western press with tendentious statistics. We must stipulate that the published statement of the Committee of Defense Ministers should not be regarded as a substitute for the official compilation of numerical personnel and materiel data when the talks begin. It is important as a point of departure, but the main thing, as E.A. Shevardnadze remarked in his speech in Vienna, is the "final level of weapons on hand, which should be taken to the lowest possible, mutually acceptable point."

"The armed forces of the Warsaw Pact and the North Atlantic alliance in Europe should be sufficient for the reliable defense of each alliance, but neither alliance should have the means for a surprise attack on the other side or for offensive operations in general," the statement of the Warsaw Pact Committee of Defense Ministers says. "This should be the goal of the participants in the upcoming talks on the reduction of armed forces and conventional arms in Europe."

CEMA Collaboration Assessed on 40th Anniversary

18250110 Moscow *POLITICHESKOYE OBRAZOVANIYE* in Russian No 3, Mar 89 pp 73-78

[Article by E. Sheynin, candidate of economic sciences: "Collaboration of CEMA Countries: The View from Outside"]

[Text] The Council for Mutual Economic Assistance has been in existence for 40 years. Its activity made a significant contribution to the creation of a new type of international economic relationship, based on the principles of equality and mutual advantage, respect for the interests of partners, and comradely mutual assistance.

The current efforts to reorganize the mechanism of multilateral economic collaboration by CEMA countries and to modify the patterns of international socialist division of labor have aroused great interest throughout the world. Bourgeois economists and political scientists have been paying closer attention to these matters recently, now that further steps to improve the integration mechanism are being debated in the countries of the socialist community.

Some of our Western opponents try to take an objective look at the reasons for the difficulties and achievements in CEMA's development, while others are still falsifying the nature of the relationships within this international organization and denigrating the results of its activity. The latter obviously cannot aid in strengthening the climate of trust in international relations that is so vitally necessary for the social progress of humanity.

Collaboration of CEMA Countries: Results and Prospects

There is no question that the organization of effective collaboration within the CEMA framework was a difficult process. There were miscalculations, mistakes, and failures. Nevertheless, the development of collaboration was usually a process of ascent, as it gradually rose to new levels of maturity.

The establishment of CEMA marked the beginning of broad-scale economic interaction by its members, their exchange of experience in socialist construction, their offer of technical assistance to one another, and the growth of reciprocal deliveries of raw materials, fuel, machines, equipment, food, and consumer goods.

In the last 40 years the states of the socialist community have repeatedly displayed their ability to work together in the resolution of difficult problems in economic development through collective work on national economic projects, the rendering of technical assistance in the construction of enterprises, the exchange of scientific and technical documents, reciprocal deliveries of necessary goods, etc. Some examples are the resolution of the

fuel and energy crisis and raw material crisis, interaction in machine building, the chemical industry, and transportation, etc. These successes are even acknowledged by Western economists.

Trade between CEMA countries has been expanded during these years. It accounts for 65.9 percent of the total foreign trade turnover of these countries. The value of the goods and services delivered to the markets of CEMA countries has reached one-fifth of their combined national income, attesting to the substantial interdependence of their national economies. There is virtually no large economic sector in any country of the socialist community whose development has not been connected with collaboration in trade.

Deliveries between CEMA countries satisfy most of their import needs for products of machine building, fuel, raw materials, and many different consumer goods.

The variety of different forms of scientific and technical collaboration by CEMA countries is growing constantly. The basis for present and future collaboration is the Comprehensive Program for the Scientific and Technical Progress of CEMA Countries up to the Year 2000 (KP NTP). The program, which was adopted in December 1985, is regarded in the socialist community as a major instrument for the intensification of the national economies of the fraternal states, the restructuring of their economies, the enhancement of the quality and competitive potential of their products, the resolution of social problems, and the expansion of the community's influence in the world economy.

The adoption of the Comprehensive Program of Socialist Economic Integration in 1971 presented sweeping opportunities for the development of production specialization and cooperation by the fraternal states. Between 1980 and 1987 the proportion accounted for by specialized and cooperative production in total reciprocal exports of manufactured goods increased more than 1.5-fold. The highest level of international production specialization was reached in machine building in the CEMA countries.

In other words, a sufficiently sound foundation was laid for the integration process within the socialist community. The results of the development of economic interaction by the CEMA countries, however, are largely quantitative although they are quite tangible results.

This is the result of unfavorable trends and inhibiting factors that had the strongest effect on the qualitative parameters of collaboration. Bourgeois authors have concentrated primarily on the "unsatisfactory results of the integration process." In the opinion of, for example, American economist J.M. Brabant, "the recent crises in the economies of East European countries did not evoke any reaction from CEMA, because the integration policy of growth is only something recorded in official documents."¹ He goes on to say that "CEMA is not a

suitable organization in general for the maintenance, not to mention the reinforcement, of current changes in the economic and political machinery of countries with a planned economy," and "socialist economic integration cannot be regarded as the primary method of reviving economic growth in the CEMA countries or restoring public well-being."

According to Austria's *DIE PRESSE*, problems in the development of mutual economic collaboration arose because the main form of international collaboration in CEMA is reciprocal trade, "which is conducted exclusively on the basis of bilateral intergovernmental trade agreements. Commodity exchange is subject to strict regulation, and accounts are settled on a bilateral basis with the aid of an artificial unit of payment—the convertible ruble."²

We must admit that opinions of this kind, which are being encountered more and more frequently in bourgeois economic literature, are a generally accurate reflection of the realities of the integration process within the socialist community.

Furthermore, in spite of the positive changes in the structure of reciprocal trade by CEMA countries, leading to a higher percentage of machine-building products in this trade, the growth of commodity exchange among these countries has been inhibited.

The fact is that there are economic limits on exports of fuel, energy resources, and raw materials. Substantial growth is connected with the depletion of natural reserves and the deterioration of the conditions of extraction and leads to a dramatic rise in production costs. This, incidentally, was the reason for the broad-scale program for the unification of forces and means for the joint development of fuel and crude resources.

The current division of labor among CEMA countries is based on increasing deliveries of Soviet fuel and raw materials (still accounting for 80 percent of Soviet exports) in exchange for the finished products of the European countries of the socialist community. This model of international division of labor is obsolete in many respects and does not meet the requirements of production intensification.

The dynamics and structure of reciprocal trade were adversely affected by the creation of similar production structures in the CEMA countries and the absence of competition between producers in the fraternal countries for the manufacture of high-quality products meeting the highest world standards of scientific and technical achievement.

In connection with this, French Professor M. Lavigne feels that one of the reasons for difficulties in the further expansion and intensification of interaction by CEMA

countries stems from their structural policy. "This policy," she writes, "led to the creation of parallel production capacities (particularly in ferrous metallurgy, gas and petroleum refining, and the machine tool industry) exceeding the needs of each individual country and the entire socialist community."³

Production specialization and cooperation can play an important role in surmounting this problem. For example, the CEMA countries have strong machine-building potential. The technical and production capabilities of this sector can satisfy most of the needs of the socialist national economy for the main products. There is also positive experience in division of labor among them. The organization of the cooperative manufacture of equipment for nuclear power plants, items for shipbuilding and aircraft engineering, and products of the electrical equipment industry offers sufficient proof of this.

Until recently international production specialization and cooperation has been confined mainly to finished items. International cooperation in the production of parts, components, attachments, and accessories—that is, the development of cooperation among enterprises and associations—has not been developed perceptibly yet.

The collective efforts to accelerate intrasectorial exchange—the most intensive form of international cooperation—have not been conducted on the necessary scale. The insufficient development of intrasectorial production specialization and cooperation caused the growth of trade between the fraternal countries to lag behind the growth of production volumes in many of them.

We cannot agree with the authors of the article in *DIE PRESSE*, however, when they say that the CEMA countries cannot make any progress in reciprocal trade. They are obviously overlooking the measures taken by the fraternal countries and CEMA organs to create the necessary conditions for more dynamic commodity exchange between these states.

The CEMA countries have resolved to make qualitative changes in the very model of economic interaction by the countries of the socialist community: to move from primarily commercial contacts to comprehensive collaboration in science, technology, and production and to accomplish, as mentioned above, profound structural changes in the current patterns of commodity exchange.

Structural changes in the national economy are being accomplished in the majority of CEMA countries on the national level by assigning priority to sectors connected with scientific and technical progress, by concentrating on the production of high-quality, competitive products, and by creating the necessary conditions to stimulate enterprise interest in active participation in the integration process.

The measures taken on the CEMA level to change the situation in this area were envisaged in the Collective Theory of International Socialist Labor, adopted at the 44th CEMA session in July 1988 and reflecting the need to create a qualitatively new model of socialist economic integration. The theory is an expression of a new approach to international division of labor, in accordance with which it should become a long-term factor enhancing the effectiveness of collaboration and aiding in the attainment of the most important socioeconomic objectives of CEMA countries. These objectives are well known. Above all, they include the objectives of accelerating economic growth, securing growth of a new quality, redirecting the economy into the channel of intensive development, and radically improving the standard of living of the laboring public in the fraternal countries on this basis.

There are certain elements of acceleration strategy and components of economic policy that are necessary for the achievement of this goal. They include coordinated measures for the more effective use of the economic, scientific, and technical potential of each country on the one hand and more effective mutual collaboration contributing more to the national economy of each country on the other hand.

The national economic structure of the fraternal countries must be optimized and brought in line with modern requirements. In other words, there must be a higher percentage of resource-saving equipment and technology with a higher scientific input. This can be accomplished through the extensive use of the latest scientific and technical achievements in all sectors of the national economy.

This is why it is imperative to accelerate scientific and technical progress, to complete the KP NTP on schedule, and to reach advance technological frontiers. The achievement of leading positions in the most important fields of science, technology, and production will strengthen the export potential of the CEMA countries and their role in world division of labor.

Economic Differences and Integration

In general, the negative statements by bourgeois authors about the integration process in CEMA stem from differences in the levels of economic development in the fraternal states. American diplomat T. Seinkin, for example, describes this objective situation as "increasing differentiation and flexibility," which will supposedly "improve the prospects for the spread of Western influence in the region (Eastern Europe—E.Sh.)." In his opinion, as differences in the community grow more pronounced, its unity should be weakened.⁴

The authors of a book published in Bonn, "The Council for Mutual Economic Assistance. History and Policy," say that integration within the CEMA framework entails

great difficulties. They see the reasons for these difficulties in the "incredible differences between individual CEMA countries in labor productivity, standards of living, the intensity of foreign trade, and national economic structures."⁵

We cannot deny the obvious fact that countries with different levels of socioeconomic development belong to CEMA. But we also cannot deny that economic interaction has succeeded in converging and equalizing levels of economic development in the European countries of the socialist community.

The problem of bringing the national economies of Vietnam, Cuba, and Mongolia up to the level of the economies of the European CEMA countries has not been solved yet. This precludes their more active inclusion in international socialist division of labor and the development of collaboration with them on a truly balanced, mutually beneficial basis. The special comprehensive programs for multilateral collaboration by the European CEMA countries with the SRV, Cuba, and the MPR are designed to solve this problem.

In many reports on the restructuring of the mechanism of multilateral collaboration among CEMA countries, bourgeois authors underscore the existence of different views within the council on prospects for the implementation of submitted proposals, which "impede" the work on plans for the further intensification of division of labor, allowing them to specialize in the particular types of production for which they have the necessary conditions and experience. It has been asserted that the European CEMA countries regard more dynamic collaboration within the council "not as an end in itself, but as a means of gaining broader access to the world market."

Furthermore, Westerners see other "disuniting factors" in the socialist community in, for example, the different forms, methods, and speeds of reforms in the fraternal countries. This was mentioned, for example, in an article in the American magazine *TIME* in June 1987, speculating on the specific features of the socioeconomic development of CEMA countries and their systems of economic management.⁶

The specific national features reflected in the fraternal states' choices of optimal methods of socialist economic management and planning are portrayed in bourgeois economic literature as obstacles to the further development and intensification of socialist economic integration. This is the reason, incidentally, for the bourgeois authors' "recommendations" that the countries of the socialist community assign priority to the development of contacts with the West at the expense of their jointly elaborated plans for closer collaboration with one another in all fields.

A realistic assessment of the reasons for difficulties in the development of mutual economic collaboration by CEMA countries reveals, however, that the decisive

factors here are not differences in national economic mechanisms. The acceleration and intensification of the integration process have been impeded by the inadequate orientation of these mechanisms toward international division of labor and cooperative labor and by the deterrence of foreign economic activity by producers and consumers of products.

We must admit that the efforts of several CEMA countries to develop the production of a great variety of manufactured goods, frequently without any consideration for available resources and other capabilities, have certainly complicated the development of production specialization and cooperation within the CEMA framework. The solution to this problem can be seen in the use of planning and monetary instruments.

We certainly cannot agree, however, that differences in the specific economic interests of CEMA partners are weakening the unity of the countries of the socialist community. But after all, this is one of the main theses of articles in the bourgeois press on the restructuring of the mechanism of multilateral collaboration.

For example, here is an excerpt from an article entitled "Nine CEMA Countries Agree on the Creation of a Unified Socialist Internal Market" in West Germany's FRANKFURTER ALLGEMEINE ZEITUNG. Commenting on this event, the authors first stress that "Romania is not party to this agreement. This is the first time one of the East European countries has not taken part in making such an important decision." They go on to draw conclusions about the "increasing isolation of Romania" and the "split in CEMA" over such an important matter.⁷

What is the truth here and to what degree do these theses conflict with reality?

The truth is that the current socioeconomic interests of CEMA countries do not always coincide. This is why they also take different approaches to the choice of methods and means of solving problems in the development of their national economies, which usually does not surprise anyone, and problems in the development of mutual economic collaboration. This is quite understandable and it is a natural result of the objective situation. The CEMA countries differ in the size of their territory and population, their natural conditions, their economic mechanisms, and the positions they occupy in the world economy. It is quite a different matter that in our propaganda we were frequently preoccupied with constantly stressing the common strategic goals of the countries of the community and said little about the fact that this unity could only be achieved through mutual respect for the interests and opinions of partners in the integration process.

The coordination of national interests stemming from considerably different conditions of national development is not a simple task. There have never been any

easy solutions. The fraternal countries have had to take unexplored paths to the organization of effective interaction by their national economies.

The experience in collaboration within the CEMA framework has proved that interests cannot be coordinated only on the intergovernmental level. After all, the concrete representatives of national interests are enterprises, associations, and their personnel. The development of direct contacts and the creation of joint enterprises in combination with the coordination of economic policies in fields of mutual interest and the coordination of national economic plans constitute the realistic approach to the mutual consideration of interests and the collective attainment of common strategic objectives.

Speakers stressed at the 44th CEMA session that the use of various methods of coordinating national interests is an important part of the restructuring of CEMA activity. The democracy characteristic of relations between the fraternal states is reflected in the fact that any CEMA country can join its partners in collective actions at any time, voluntarily, without any pressure from the majority. By the same token, this guarantees the advancement of the integration process.

Bourgeois literature on problems in collaboration by CEMA countries usually fails to mention the fact that, in spite of differences in their levels of economic development, the fraternal countries participate in CEMA activities as legally and politically equal partners, and naturally with consideration for their production potential and the economic objectives of each specific stage in the economic and social development of these countries. At the same time, the common strategic goals of the countries of the socialist community create a reliable basis for the consistent coordination of their specific interests.

The economic disparities between CEMA countries have not resulted in any kind of discrimination in relations between them. In talks at all levels and in any CEMA organ, each country has one vote, regardless of the size of its national income, other indicators of its economic, scientific, and financial status, or its contribution to the organization's budget. Decisions in CEMA are made not by a majority vote, but by a consensus of the countries concerned. This excludes the possibility of decisions and recommendations contrary to the interests of the countries they will affect. Countries not interested in becoming party to an agreement can join later. This procedure of making decisions in CEMA organs precludes the infringement of any country's interests and the attainment of unilateral advantages by any one country.

USSR and CEMA

A special effort is being made to falsify the nature of collaboration between the USSR and its CEMA partners and to cast suspicions on their interrelations. In spite of

the well-known facts attesting to the truly internationalist nature of the USSR's relations with other socialist states, some bourgeois ideologists are still talking about the USSR's "hegemonic" interests in CEMA activity.

Bourgeois ideologists are using these theses not to support the "wounded" countries, but to inspire mistrust of the world's first socialist state and to fuel the nationalist feelings of some strata of the population of CEMA countries, which is also the purpose of the West's differentiated policy toward countries of the socialist community.

For example, G.I. Seeler, member of the European Parliament from the SPD, is certain that "CEMA is oriented toward the great power—the Soviet Union." Specialization and cooperation, he believes, are conducted in accordance with the principle of deliveries of raw materials and energy resources from the Soviet Union in exchange for high-quality products from CEMA partners. This is the basis for the conclusion that the USSR wants to make the CEMA region independent of the rest of the world economy and to doom it to autarchy.

West German author C. Meier discerned the USSR's "hegemonic" interests in the fact that the countries of the socialist community depend on its experience in the construction of socialism.⁸ It is true that the USSR was the pioneer in the construction of a socialist economy for many years, and according to the socialist countries themselves, the experience and assistance of the first socialist state were beneficial factors on the whole in the institution of socialist reforms in these countries. It is true that some Soviet political and economic officials sometimes acted as though they were the sole guardians of the truth, but all of this is gradually being surmounted.

The CPSU and Soviet State have always been interested in the experience of their friends and in their investigations into the theory and practice of socialist construction and have tried to make use of anything suited to the conditions of the USSR. "It appears that this and only this," M.S. Gorbachev said at a Romanian-Soviet friendship rally in Bucharest, "can and must be the basis of relations between socialist states: complete autonomy in policymaking and collective responsibility for the future of world socialism, the extensive and mutually beneficial exchange of experience and equitable comradely collaboration." The Soviet Union believes that this aspect of collaboration is particularly important today, at this time of changes in the mechanism of economic management, social development, and heightened social democracy in the fraternal countries.

It is completely obvious that the effects of the use of the experience of the USSR, just as of any other socialist country, on the organization of constructive socialist economic management have been much greater than the effects of problems arising from its insufficiently planned implementation.

Now each communist and workers party in the states of the socialist community and each fraternal country is contributing its own experience, unique in many respects, to the common repository of socialism. This experience, with all of its achievements, difficulties, and errors, is a good school, and its lessons are carefully analyzed and taken into account in the practice of building and perfecting socialism.⁹ The achievements of each, whether it is the GDR or Romania, Hungary or the CSSR, Bulgaria or the USSR, Mongolia or Poland, Cuba or Vietnam, become part of the common property of the socialist community. The mutual enrichment of one another with experience is an essential condition for the fuller use of the possibilities of socialism.

The economic reforms in the fraternal countries will be of great value in enhancing the effectiveness of national economic complexes, establishing the planned management of economic prerequisites and stimuli in national systems, and promoting more active participation by all links of the economic mechanisms of these countries in their mutual economic, scientific, and technical collaboration.

We must stress that what is at stake now is the future of not just a single country, but also the socialist community as a whole. For this reason, social renewal in any socialist country can promote change in the entire socialist system.

The current changes in the Soviet Union do not apply only to internal affairs. They are also affecting the CPSU's activity in an area of Soviet foreign policy of such high priority as collaboration with the socialist countries, and this is the policy line substantiated by the 27th CPSU Congress.

Expressing approval of the international activities of the CPSU Central Committee, the 19th All-Union Party Conference commended its "principled line and practical steps to reinforce internationalist interaction with socialist countries." The restructuring of the economic mechanisms in the USSR, including the mechanism for the management of foreign economic activities, is expected to create favorable economic and legal-organizational conditions for the intensive integration of our national economy with the national economies of fraternal countries. The consistent implementation of this policy line will produce tangible benefits for the Soviet Union and the other CEMA countries.

Many years of experience have proved that the economic ties of the countries of the socialist community, their mutual assistance, exchange of experience, and unification of efforts and resources create the necessary conditions for the attainment of socioeconomic objectives exceeding national capabilities.

Internationalism is turning into a tangible political and economic force contributing to the further reinforcement of the socialist community and the growth of its authority and influence in the world.

Footnotes

1. J.M. Brabant, "Recent Growth Performance. Economic Reform and the Future of Integration in Eastern Europe," New York, 1987, p 24.
2. DIE PRESSE, 27 January 1988.
3. LE MONDE DIPLOMATIQUE, January 1988.
4. SURVIVAL, July-August 1988.
5. Quoted in NEUE ZUERCHER ZEITUNG, 26 April 1988.
6. TIME, 8 June 1987, No 23, pp 4-5.
7. FRANKFURTER ALLGEMEINE ZEITUNG, 8 July 1988.
8. C. Meier, "Der RGW. Wirtschaftsgemeinschaft oder Instrument der Sowjetischer Hegemonial Politik?" Koeln, 1986, p 32.
9. A. Mozhin and A. Nikiforov, "Economic Reforms in CEMA Countries," POLITICHESKOYE OBRAZOVANIYE, 1989, No 2.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Politicheskoye obrazovaniye". 1989.

Overview of Economic Reforms in CEMA Countries

18250109 Moscow *POLITICHESKOYE OBRAZOVANIYE* in Russian No 2, Feb 89 pp 76-85

[Article by Aleksey Vladimirovich Mozhin and Anatoliy Stanislavovich Nikiforov, candidates of economic sciences, senior reviewers at CEMA International Institute of Economic Problems of the World Socialist System, and authors of several works on the experience of CEMA countries in the improvement of national economic management: "Economic Reforms in CEMA Countries"; passages in boldface as published]

[Text] Mechanisms of economic management have recently undergone major changes in many socialist countries. They are all intended to facilitate the move from authoritarian methods of control to economic methods, to expand the self-reliance, self-funding, and self-management of associations and enterprises, and to develop market relationships in domestic and foreign economic activity. These changes will present fundamentally new opportunities for the use of socialism's potential.

The countries of the socialist community did not embark on the road of economic reform all at once. In Hungary, for example, the reform of the economic mechanism began back in 1968. Although there were some departures from this line in the 1970's, the reforms were not curtailed in Hungary and were then given new momentum at the beginning of the 1980's. In Poland the economic reform began in 1982 in an atmosphere of acute political and economic crisis and was instrumental in its resolution. In Bulgaria and the USSR, genuine economic reforms began in 1987-1988 following several unsuccessful attempts at the beginning of the 1980's. The CSSR is now drawing up plans for economic reforms scheduled for the 1990's. The experience accumulated in the socialist countries provides grounds for several generalizations.

The main purpose of the reforms is the intensification of production. After all, the economic mechanisms which are operating in many CEMA countries took shape in the past and do not meet new requirements.

The modern integral system of administration and economic management was designed for the intensive type of expanded reproduction. It was based on the restoration and creative development of the Leninist principle of democratic centralism and on the unity and interaction of its two elements. Furthermore, the central link of the new system of administration and economic management is the enterprise, converted for complete economic accountability and cost recovery, and the comprehensive democratization of socialist production.

The economic reforms in the socialist countries are similar in many respects. This is due to their common social order and to their inclination to study and use the experience of their friends. It is significant, however, that **although the socialist countries have common goals, each achieves them with a view to its own distinctive features, traditions, and economic and political experience.**

The improvement and coordination of systems of administration constitute one of the important prerequisites for the development of socialist economic integration. For this reason, the interest in the collective discussion of these matters and in the exchange of information, which is becoming increasingly productive, is understandable. The socialist states do not force one another to accept their methods of solving economic problems, but the more thorough mutual investigation of these practices and the joint evaluation of collective experience can lead to the adaptation of common principles of socialist economic management which have already proved effective to the specific conditions of individual countries.

Planning

In our country a rigid system of authoritarian economic administration took shape over many years. Its main distinctive feature was directive planning—i.e., the issuance of assignments to enterprises in state directives

covering all areas and elements of productive operations. This system has many basic flaws. Although they are tolerable in extraordinary situations, they are absolutely impermissible under ordinary conditions because they engender feelings of indifference and an unconscientious attitude toward assigned duties.

An authoritarian system of economic management also took shape in several European CEMA countries in the 1950's. Therefore, the **socialist states** which have embarked on the road of economic reform are now **making the transition from directive to economic methods of administration**. This presupposes the resolute restructuring of the entire planning system. State five-year and annual plans for economic and social development will no longer involve the assignment of tasks to enterprises in state directives. The enterprises will draw up their own five-year and annual plans. The central agencies relieved of the need to attend to the minor details of the daily routine of enterprises will be able to concentrate on the attainment of long-range economic objectives. The main instrument for this will be a capital investment policy aimed at transforming the sectorial structure of production through the establishment of new enterprises.

Obviously, central planning agencies will not be relieved of the responsibility of attaining the short-term objectives of economic development envisaged in state five-year and annual plans, but authoritarian directives will not be the sole method of coordinating state plans with enterprise plans under the new conditions of economic management. On the one hand, planning agencies will study the intentions of enterprises with the aid of sample surveys and will take these into account during the compilation of state plans. On the other, they will influence enterprise plans with the distribution of state requisitions, with fiscal, credit, and monetary policy, etc.

The new planning procedure has been developed on the broadest scales in Hungary and Poland. Enterprises in these countries draw up their own plans for economic development on the basis of state contracts and the contracts they negotiate with clients and suppliers. During these negotiations the enterprises strive to increase their profits because the profit margin is the main general indicator of their activity.

In accordance with the new planning procedure in Bulgaria and the USSR, state contracts will occupy a high percentage of the production capacities of enterprises at first, but this percentage will be reduced later.

Under the new conditions of economic management, state contracts have become the most important method of securing the fulfillment of state plans. They are expected to cover the manufacture of products of vital importance to the maintenance of public welfare, the satisfaction of national economic requirements for productive resources, the incorporation of the latest scientific and technical achievements, the reinforcement of

the country's defensive capabilities, and the fulfillment of international commitments. At the same time, the state contracts should not monopolize all of the production capacities of associations and enterprises but should leave room for autonomous undertakings.

Unfortunately, this principle is usually violated, and the state contract is essentially turning into an ordinary directive assignment. This is why measures were taken in the USSR in 1988 to correct this situation.

The institution of economic reforms to expand the autonomy of associations and enterprises also presupposes **changes in the organizational structure of economic management**. The top level of the structure which has taken shape in the CEMA countries consists of quite cumbersome intersectorial (functional) administrative bodies under the direct jurisdiction of government executive agencies, and of sectorial administrative bodies—the ministries suffering from the obvious bureaucratization of their work.

The sectorial structure of production is being complicated by the constant increase in the number of ministries directly overseeing the activities of enterprises. Because they are incapable of keeping track of hundreds or even thousands of enterprises, the ministries try to create intermediaries, or what might be called subsectorial administrative bodies (in the USSR these are the main administrations of sectorial ministries). Besides this, the ministries have created artificial associations and excessively large enterprises. As a result, the level of production concentration and, consequently, monopolization is too high in all of the CEMA countries.

In the socialist states where economic reforms have been instituted, the expansion of enterprise autonomy has led to staff reductions in administrative agencies. In Hungary and Poland, for example, dozens of industrial ministries were united in a single ministry of industry with significant staff cuts. In Bulgaria almost all of the sectorial ministries and many intersectorial administrative bodies are now united in a single Ministry of Economics and Planning (also with a smaller staff). There have also been sizable administrative staff cuts in the USSR.

In these CEMA countries the changes in the organizational structure of economic management are taking place not only on the upper level, but also on the lowest level—associations and enterprises. New medium-sized and small enterprises are being built (especially in Bulgaria), for example, and this is securing a more efficient combination of large, medium-sized, and small economic subdivisions. Besides this, many artificially created associations are being dissolved and replaced with dozens of autonomous enterprises (especially in Hungary and Poland). And why not? After all, why should all of the public catering enterprises, for example, in a large city be part of a single association? The **division of**

associations, just as the construction of new medium-sized and small enterprises, **will help in de-monopolizing the domestic market and reviving economic competition.**

Financing

In accordance with the cost accounting principles lying at the basis of economic practices in virtually all countries of the socialist community, the production operations of enterprises and associations are based on **cost recovery and self-financing.** The main purpose of this procedure is to encourage enterprises to recoup their expenditures and to secure their own strategic development.

At this time the capital investments needed for major structural changes of national economic significance and the financing of all undertakings of a strategic nature are managed on a strictly centralized basis in all of the CEMA countries. The state assumes all responsibility for structural and technological policy, but experience has shown that the need for the enlargement or reduction of production units, the need for new types of production, and the specific directions of scientific and technical progress in various fields are not always visible to the center at the necessary time, for completely objective reasons. As a result, the production structure in most of the CEMA countries is not modern enough. Apparently, only the complete responsibility of enterprises for their own strategic development under the conditions of full economic accountability will eliminate the situation in which the socialist state frequently invests money in the inefficient production of completely unnecessary goods.

There has been virtually no discussion of this matter, however, during the course of the economic reforms in CEMA countries. There is the assumption that structural changes in the economy and scientific and technical development require the kind of financial resources enterprises and associations do not have. This is true, but instead of trying to solve this problem, people in the socialist countries are adhering to the existing procedure for the financing of long-term capital investments. Specific decisions on capital construction in the majority of CEMA countries (Bulgaria, Hungary, Poland, the USSR, and the CSSR) are made by enterprises with a view to a centralized system of economic regulators. In the GDR and Romania all capital investments are made according to plan and all decisions on them are made by central agencies.

Profits are playing an increasingly important role in the socialist countries under the conditions of self-financing. They are supposed to serve simultaneously as a general indicator of economic activity and as a source of funds for production development. Ideally, there should never be any arbitrary redistribution of profits—the confiscation of “excessive” profits from leading enterprises for transfer to backward ones (in the form of subsidies). This kind of redistribution leads unavoidably to wage leveling

and causes leading and backward enterprises to lose all incentive to enhance the effectiveness of their operations. This is absolutely contrary to the principles of economic accountability.

Self-financing and the use of profits as the main source of funds for production development (along with credit) and financial incentives for workers develop thrift on the part of enterprises. This is one of the main factors contributing to the transfer to wholesale trade in the means of production. Under the new conditions the enterprise will reduce its need for these resources (primarily by eliminating the excessive stocks accumulated as a result of the “rationing” system of resource distribution). This will eliminate the friction in the distribution of the means of production which was always cited as one of the main reasons why a transfer to wholesale trade would be impossible.

Under the new economic conditions, enterprises are obligated to constantly strengthen their financial position so that they will operate at a profit. If this requirement is not fulfilled and if various forms of assistance from the sector or the bank are ineffective, the reorganization or even the cessation of enterprise operations might be considered in some CEMA countries (Bulgaria, Hungary, Poland, and the USSR). The state then assumes the responsibility for finding new jobs for the workers.

Self-financing presupposes the responsibility of enterprises for their own strategic development and certainly for their current production operations. What is the present situation in this area?

Under the present conditions of scientific and technical progress, the obsolescence of equipment is a more intensive process. The use of centralized methods for the retooling of enterprises limits their responsibility and discourages initiative. Most of the CEMA countries have a strictly standardized procedure for the distribution of profits and the formation of cost accounting funds—i.e., they use the so-called normative method of profit distribution. This means that economic subdivisions have no chance to accumulate funds in the amounts needed for production development at a given time. It would be difficult to imagine a situation in which the production development funds needed by an enterprise, for example, would always be the same. The situation in some countries is also complicated by the frequent inability of enterprises to manage their own funds autonomously because this autonomy is limited by several rules and regulations.

We must say that the situation is changing today. Enterprises are gaining more and more real autonomy in the use of their own funds. The main reason for this is the widespread wholesale trade in the means of production in some CEMA countries.

Enterprises are also gaining broader powers in the sphere of the **formation of cost accounting funds**. In Hungary and Poland, for example, enterprises accumulate their own funds for development, financial incentives, and social undertakings at their own discretion. In other CEMA countries the normative method of profit distribution is still being used, but the general tendency toward the development of democracy in the economy is augmenting the rights of enterprises to manage their own funds.

Considerable attention is being paid in the CEMA countries to the **improvement of taxation systems** during the course of economic reforms. There are two basic objectives: first, the supplementation of the state budget and, second, the economic regulation of enterprise activities. Until recently the tax on profits in most of the socialist countries was a multi-stage tax and there were different rates for different sector and enterprises. Many different kinds of taxes were paid and were used for many different, sometimes opposite purposes. The rate of taxation, furthermore, differed considerably depending on the types of production and even on the operational efficiency of individual enterprises. These differences stemmed from the state's efforts to make absolutely all enterprises "profitable." As a result, economic subdivisions did not strive to enhance production efficiency but to qualify for preferential tax rates. The simplification of taxation was the simplest solution: the institution of a single common tax for all. This is the direction the development of taxation is taking now in most of the CEMA countries.

The first step toward this kind of standardization was taken in Hungary, where a reform was instituted on 1 January 1988 to repeal some existing taxes and payments (the general tax on profits, the tax on wages, etc.) and replace them with a single tax on added value.

Prices and Resource Distribution

The directive state distribution (or rationing) of the means of production in all of the CEMA countries was an unavoidable result of the centralized issuance of assignments to enterprises in directives. As a consequence of this, when enterprises receive state assignments, they demand that the appropriate agencies satisfy their need for means of production. On the other hand, when enterprises complete plan assignments, they assign responsibility to other state agencies for the sale of their manufactured goods.

The main problem, however, is that this system for the distribution of the means of production suffers from frequent interruptions. In turn, these lead to downtime and losses and give rise to many unhealthy symptoms. The unreliability of deliveries causes enterprises to accumulate surplus stocks. This immobilizes them and intensifies the shortage of means of production in the national economy as a whole.

Enterprises in many states of the socialist community are striving for self-sufficiency. They are establishing all sorts of ancillary production units, and this is inhibiting the specialization of economic units. Ministries have displayed an even greater desire for self-sufficiency in supplies of the means of production and are practicing so-called intra-departmental exchange. This leads to an inefficient structure of economic relations. There are also many other negative aspects of this matter.

In the CEMA countries where economic reforms have been instituted, there are plans for a **transfer from the directive method to the distribution of means of production through trade**. This kind of trade has already been developed to a considerable extent in Hungary, where it accounts for around half of the commodity turnover. Poland has begun the transfer to trade in the means of production, and similar measures have been scheduled for 1988 and 1989 in Bulgaria and the USSR. As the first step in this direction, enterprises are to be authorized to negotiate contracts autonomously with their suppliers and clients and to establish direct contacts.

The economic reforms in the CEMA countries envisage significant **changes in the distribution of consumer goods**. Many retail trade enterprises now have a chance to negotiate contracts autonomously and directly with the enterprises manufacturing these goods. Cooperative and individual trade, which usually respond quickly to changes in consumer demand, are being developed. This, however, simply bypasses the wholesale link without changing it. The distribution of consumer goods on the necessary level will necessitate a developed network of wholesale trade enterprises. They should operate on the basis of economic accountability and secure the flexible management of stocks of consumer goods.

The move to the new procedures for the distribution of the means of production and consumer goods will depend to a considerable extent on the **restructuring of prices**. Until recently the prices of almost all goods produced in the CEMA countries were set in directives issued by the corresponding state agencies (in the USSR, by the State Committee for Prices). They generally set prices on the basis of production costs and assigned profit norms. Therefore, prices reflected only expenditures at best, and nothing at all at worst, because many of them were not revised for years, if not decades. After all, the more frequent revision of prices was too voluminous a task even for the huge personnel staffs of these central agencies. The main defect in the practice of setting prices according to expenditures was that prices were set without the necessary consideration for the quality of goods and for consumer demand—i.e., for the scarcity of resources. As a result, the numerous distortions in pricing caused a great deal of damage.

When economic decisions are made, the general level of prices is just as important as the relative prices of various means of production. There is considerable evidence to support the assumption that the general level of prices of

means of production is too low in the CEMA countries. Some branches of the extractive industry, for example, always operate at a loss. When prices are set according to expenditures, the excessively low prices of fuel and raw materials lead to excessively low prices in every link of the production chain. Unjustifiably low coal prices, for example, lower the cost of electricity, which then lowers the cost of railway transport, etc.

The low general level of prices of means of production leads to their careless treatment. This, in turn, is the reason for the constant shortage of means of production in all of the CEMA countries. The correction of the shortages, however, is an essential condition for the cancellation of distribution according to directives and for the development of trade in the means of production.

Distortions in relative prices impede the augmentation of the self-reliance of economic links. Less than optimal prices do more than just preclude the transfer to trade in the means of production. One of the important properties of prices is their ability to supply information about economic conditions at an enterprise and consequently serve as the basis for optimal production decisions. By the same token, "bad" prices lead to unwise decisions. This is why the fundamental restructuring of prices is now regarded as one of the main objectives in the places where economic reforms have been instituted.

This restructuring is already under way in many socialist countries. It consists mainly in the gradual elimination of directive pricing and expansion of contract or free pricing. Contract prices are used in the direct trade in means of production between enterprises. They are set on the basis of agreements between clients and suppliers. Free prices are used primarily in cooperative and individual trade in consumer goods. Contract and free prices are being used on the broadest scales in Hungary and Poland—i.e., in the countries where economic reforms were instituted earliest. The broader use of contract and free prices is also planned in Bulgaria and the USSR.

Firm state prices are expected to be set only for the main goods in the future—the main production resources having a decisive effect on the level of production costs: state-procured agricultural products, and the main edible and inedible consumer goods. This limitation of the set of directive prices will facilitate the work of central pricing agencies and enhance the validity and flexibility of state prices by basing them on considerations other than expenditures (including relative supply and demand).

The restructuring of pricing will entail considerable difficulties. The main one is the danger of the dramatic rise of retail prices as a result of the acute shortage of some consumer goods. Retail prices are already rising in the CEMA countries where the restructuring of pricing began earliest. For example, the retail price index has been rising at about 10 percent a year in Hungary and 20 percent in Poland. If a rise in retail prices should

objectively become the only way of surmounting the acute shortage of these goods, however, it will be justified. Obviously, in these cases the least secure strata of the population should receive the appropriate monetary compensation. Competition between the producers of similar or interchangeable goods, which is already being encouraged in some socialist countries, is an effective remedy for high prices.

Foreign Economic Ties

The management of foreign economic ties is now being improved in the CEMA countries as part of the restructuring of national mechanisms of economic management. There has been a corresponding transfer in this field to economic methods of administration and the expanded autonomy of enterprises. The most important changes here are the following: The financial results of foreign economic activity are included in the total financial results of enterprise operations; economic links have the right to operate autonomously in foreign markets. Several enterprises have been granted the right to have their own currency reserves by depositing part of their export revenues in a fund. This **dramatically increases the significance of the exchange rate of national currency.** Its regulation is becoming the main method of managing foreign economic ties.

The centralized planning of foreign economic ties plays widely differing roles in the CEMA countries. In Hungary and Poland, for example, the export assignments of enterprises and the distribution of imports are not governed by the issuance of directives. Enterprises in these countries are expected to be governed by the goal of higher profits in the choice of their foreign clients and suppliers. The attempts of economic subdivisions to increase profits, however, are generally impeded by their constant redistribution in favor of enterprises operating at a loss. Besides this, the exchange rates of the Hungarian forint and especially of the Polish zloty are still too high in relation to convertible currencies. The main reason for this is the attempt to counteract the rising rate of inflation. Because the forint and zloty exchange rates influence decisions in the sphere of foreign trade, they discourage exports and stimulate imports and contribute to the creation of a deficit in the balance of trade in convertible currency. Consequently, these countries have had to return to directive methods numerous times.

These methods are also still predominant in the rest of the CEMA countries, although enterprises here are also becoming more self-reliant. The official exchange rates of their national currencies in relation to the convertible currencies are also too high. This is attested to by the unprofitability of many exports and by the excessive demand for imported goods. Until recently, however, the exchange rates of the national currencies of many CEMA countries had almost no effect on decisionmaking in the sphere of foreign trade. Furthermore, the exchange rates of national currencies did not affect the financial results of enterprises because all of the profits and losses from

foreign economic operations were recorded in the accounts of subdivisions of foreign trade ministries. Now that the financial results of foreign economic activity will be included in the total financial results of enterprise operations, national currency exchange rates will play a much more important role. The basis for setting the exchange rate of a national currency is its relative purchasing power. Under the conditions of the chronic shortage of many goods and their directive distribution, however, the fact that customers have money does not necessarily mean that they can obtain the necessary goods. By the same token, the level of domestic prices does not reflect the actual purchasing power of national currency under these conditions.

At the present time the countries of the socialist community have different ways of solving this problem. First, they can retain the existing official rate of exchange. Second, they can retain this rate but set currency differentials for different sectors and even for different enterprises. Third, they can lower the official exchange rate of the national currency in relation to convertible currencies.

The first decision would mean that the national currency exchange rate would remain too high. It would mean that state subsidies would still have to be paid out to most enterprises in the future, and this would be inconsistent with the principle of cost recovery. In the import sphere this decision would sustain the excessive demand for foreign products and, consequently, the need to continue their distribution by means of directives in the future, and this would impede the expansion of enterprise autonomy.

The second decision would mean the renunciation of a single exchange rate for the national currency. It would create the illusion of profitable exports and imports and would thereby preclude the enhancement of the effectiveness of foreign trade and the improvement of its structure. It is easy to imagine enterprise managers concentrating on the attainment of convenient currency differentials instead of on enhancing the effectiveness of export and import operations. It is precisely the excessively high exchange rate of national currency that makes the use of various additional export incentives necessary. These include every imaginable type of privilege, surcharge, bonus, etc. The use of these additional methods essentially has the same effect as the use of currency differentials—enterprise managers would strive to obtain all types of privileges instead of trying to enhance the effectiveness of exports.

We think that the third option is the right one. Under the new conditions of economic management a lower national currency exchange rate will encourage enterprises to increase exports and limit imports, and this will further the foreign trade goals of all CEMA countries. Furthermore, a single national currency exchange rate will secure the direct comparability of domestic and foreign prices and the use of objective criteria of the effectiveness of exports, imports, foreign trade, and the trade structure. Besides

this, a lower national currency exchange rate will weaken existing limitations on the distribution of convertible currency, the shortage of which is largely the result of its artificial devaluation. It is important to remember, however, that lowering the national currency exchange rate will raise domestic prices, especially the prices of imported means of production. In addition, it will encourage enterprises to increase exports and limit imports only to the degree that this promotes cost recovery and strengthens their interest in higher profits. At this time the excessive demand for imported goods and convertible currency in the CEMA countries is due not only to the excessively high exchange rate of the national currencies of these countries but also to the slow spread of the principle of cost recovery.

In view of the shortage of convertible currency, the best way of stimulating exports is a system of currency deductions, but Poland is still the only place where this is practiced widely. According to Polish researchers, it is playing a positive role, but we must remember that this role will be diminished when the national currency exchange rate is lowered and the shortage of convertible currency is alleviated. It is possible that when the shortage of convertible currency has been corrected in several CEMA countries, it will be expedient to allow enterprises with their own currency reserves to sell this currency to one another at contract prices deviating from the official exchange rate. This would be tantamount to the establishment of limited convertibility for the national currency.

In summation, we can say that the overall situation with regard to fundamental economic reforms in the CEMA countries seems quite promising. The problems we have discussed here can be surmounted within the framework of the current reforms. The only essential condition is the priority of reasonable economic precepts over the dogmatic ideas of the past.

Statistical Indications

The population of the CEMA countries is over 470 million, or around 10 percent of the world population.

The CEMA countries' share of the world industrial product is approximately one-third of the total.

Growth Rates of Main Indicators of Economic Development of CEMA and EEC¹ Countries (1960 = 100)

	1970	1980	1986	1987
Produced national income:				
CEMA Countries	191	319	390	400
EEC Countries	160	215	236	241
Social labor productivity:				
CEMA Countries	177	271	323	—
EEC Countries	166	231	271	—
Industrial product:				
CEMA Countries	223	415	514	532
EEC Countries	171	221	233	238

Growth Rates of Main Indicators of Economic Development of CEMA and EEC¹ Countries (1960 = 100)

	1970	1980	1986	1987
Agricultural product:				
CEMA Countries	133	156	182	181
EEC Countries ²	125	151	163	162

1. The members of the EEC—the European Economic Community (or the “Common Market”)—are Belgium, Great Britain, Greece, Denmark, the Netherlands, Ireland, Spain, Italy, Luxembourg, Portugal, France, and the FRG. 2. Excluding Spain and Portugal.

Relative production Volumes of Main Industrial and Agricultural Products of CEMA and EEC Countries (CEMA Countries in Percentage of EEC Countries)

Products	1960	1970	1980	1987
Electrical power	91	108	124	133
Oil (including gas condensate)	—	—	691	466
Natural gas	489	280	257	416
Coal	129	210	296	350
Cast iron	83	107	149	175
Steel	87	107	147	177
Synthetic resins and plastics	22	25	33	38 ¹
Chemical fibers	49	50	79	84 ¹
Paper	39	41	42	41 ¹
Cotton fabric	116	184	237	256
Meat (slaughter weight)	102	98	98	104 ¹
Milk	103	118	108	121
Fish and other sea food	76	135	175	195 ²

1. 1986. 2. 1985.

Amount of Steel Teemed in Continuous Casting Machines (Percentage of Total Output)

	1980	1985	1986	1987
Bulgaria	—	9.5	10	10
Hungary	36	47	52	51
GDR	14	34	36	36
Poland	4.0	10	11	10
Romania	18	30	32	—
USSR	11	14	15	16
Czechoslovakia	1.5	7.7	8.2	8.4
Great Britain	27	55	60	66
France	41	81	90	93
FRG	46	80	84	90
Italy	50	79	84	90
Sweden	49	81	82	83

Calculated according to data of USSR State Committee for Statistics. COPYRIGHT: Izdatelstvo TsK KPSS “Pravda”. “Politicheskoye obrazovaniye”. 1989.

Role of Securities in Socialist Economies Discussed
18250112 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 7, Feb 89 p 20

[Article by V. Musatov, sector head at Institute of Socialist Cooperation, USSR Academy of Sciences, and B. Fedorov, senior scientific associate at Institute of World Economics and International Relations, USSR Academy of Sciences: “Restoration of Securities”; first paragraph is *EKONOMICHESKAYA GAZETA* introduction]

[Text] The decree the USSR Council of Ministers recently passed on “The Issuance of Securities by Enterprises and Organizations” provided important momentum for the discussion of the nature of securities, their place in the socialist national economy, and the reasons for their issuance.

We know that most of the socialist countries have never completely given up the use of bonds, stocks, and other securities for a long time. We can recall, for example, the state stock societies and stock exchanges in the USSR in the 1920's, the many joint-stock companies abroad, and the domestic bond issues in almost all of the socialist states at the present time. There is also no question, however, that securities and exchanges were long regarded as an attribute of the capitalist economy. It was not until the 1970's and 1980's that people in several socialist countries gained a new understanding of the nature of securities and the possibility of using them effectively in the socialist society to solve urgent economic problems.

In these countries securities are now regarded as a means of distributing and redistributing financial resources among production units and throughout the economy and of stimulating the development of market relationships.

In whose interest do securities perform their functions? This depends on the social order in which they are issued and on the properties with which they are endowed. In the socialist society the main objective is the supplementation of the system for the “vertical” redistribution of financial resources (through superior agencies) with a system for the “horizontal” transfer of funds and the addition of a decentralized component of the investment process. For this reason, in the socialist countries stocks and bonds are issued primarily for the mobilization and more efficient use of enterprise funds and public savings.

Stocks and bonds are now being used in different forms and on different scales in the PRC, Hungary, Poland, and Yugoslavia. State (or treasury) bonds are being issued on a broad scale in many socialist states to finance government expenditures. In Hungary short-term commercial instruments are also being used for this purpose. Commercial paper and commercial loans exist in several countries. Bonds have been issued on the international

market for the attraction of currency resources by Hungary and the PRC, and since 1988 by the USSR as well. Poland and Romania experimented with loans of this kind in the past, but the results varied.

Stocks and Bonds

In most of the socialist countries the restoration of securities began with bonds as a rule. This is no coincidence: The issuance of bonds, in contrast to stocks, does not even bring up theoretical questions about forms of ownership. In Hungary, for example, there were more than 350 bond issues for a total of almost 30 billion forints beginning with 1988. This way of mobilizing financial resources organically supplemented credit and budgetary sources of financing and allowed enterprises and the population to protect their accumulations and savings from devaluation to some extent because they bring in up to 15 percent income a year. Some bond issues also have other appealing features, such as the right to the quicker installation of telephones.

In the PRC, in addition to bonds, stocks have also been issued ever since the appropriate legislation was passed in 1984, but they are usually quite similar to one another. Both can have a fixed rate of income and a fixed term—of up to 5 years. These stocks and bonds are usually issued in denominations of 50-100 yuan for sale to the population and up to 10,000 yuan for sale to enterprises. Thousands of enterprises have already issued securities for billions of yuan, and this has played a significant role in the development of the national economy. Laws in the PRC limit the value of issued stocks to 30 percent of the enterprise's fixed assets. In other words, no one can "seize control" of an enterprise by buying up its stock. Until 1986-1987 stocks were distributed only among members of work crews as an incentive for more productive labor and were not sold to other enterprises. Furthermore, sales of stock to workers and employees were sometimes conducted in violation of the principle of voluntary purchase for the purpose of covering losses, but this practice was later discouraged.

Now many restrictions on the sale of stocks in China have been removed. For example, some new stocks are being issued "payable to bearer" and are sold to anyone who wants them (although the total amount held by a single individual is limited), and they can be resold or inherited.

The most significant changes have affected the procedure for the sale of stocks to enterprises. Whereas previously they could not be sold "to outsiders," now the issuance of stocks and bonds in China is seen as a way of strengthening the production and sales relationships of enterprises. Bonds conferring the right to acquire certain quantities of scarce raw materials are quite popular. Besides this, by acquiring the stock of a partner, an enterprise can actively influence the partner's economic activity.

The merger of joint-stock companies is becoming an effective means of dealing with unprofitable enterprises. Sometimes it is much more convenient to buy the stock of a negligent supplier than to fight a paper war for years over minor details and paper the doorways of official agencies with complaints about late deliveries.

Several socialist states have also issued treasury bonds to finance state budget expenditures and major statewide projects. In the PRC, for example, the issuance of treasury bonds was resumed in 1981, and bonds worth 41 billion yuan have been sold since that time. These bonds are usually issued to the population and enterprises for a term of 3-5 years. This eliminates the need to issue money for budget financing or to appropriate bank resources.

Is a Stock Exchange Necessary?

The issuance of securities on a broader scale will sooner or later bring up the issue of their recirculation, or their purchase and sale. In most cases the middleman functions have been assumed by banks (this is recorded in the decree on stocks in the USSR), which are paid a commission to serve buyers and sellers, to safeguard securities, and to pay out interest and dividends.

Securities can only perform their functions, however, in the presence of a unified market with all of the necessary information about the supply of and demand for various stocks or bonds. This is particularly important in countries where hundreds and thousands of enterprises, banks, and other organizations conduct operations with securities. This calls for a centralized bank, the kind which has traditionally served as a stock exchange. In essence, in the presence of highly effective communication media an exchange is not that necessary, and in the West the exchange is gradually losing its significance as the location for the trade in securities. In the socialist countries, however, where modern data retrieval systems still do not exist, steps are being taken along the traditional road for the establishment of stock exchanges.

In Hungary there have been regular meetings of representatives of financial and credit institutions (there are already around 30 in the country) since the beginning of last year. The old stock exchange, which was closed at the end of the 1940's, is scheduled to resume operations in 1989.

In China they have been establishing something like stock exchanges in banks since 1986, and there are now around 40 of them. A system for the regulation of the secondary trade in securities is being developed in the country—for example, by setting limits on price fluctuations and prohibiting the sale of securities to stock exchange employees to prevent fraud.

The need for stock exchanges is also being discussed more frequently in connection with the economic reforms in Poland.

The securities issued in several socialist countries are not confined to stocks and bonds. For example, commercial credit and promissory notes, which were eliminated in the USSR in 1930 during the course of the credit reform and in other socialist countries in the 1940's and 1950's, are now being used more and more extensively. In Yugoslavia commercial credit was restored in 1961, in Hungary it was restored in the form of promissory notes in 1984, and in the PRC it was revived in 1986.

It is obvious that bank credit should not preclude commercial credit or vice versa. They supplement one another and promote the more efficient use of financial resources and the development of the economic autonomy of enterprises. For example, the calculation of bills of exchange has already become an important instrument of the monetary policies of the National Bank of

Hungary and is aiding in the regulation of interest rates and the liquid assets of the banking system. In our country promissory notes are now being used only in foreign trade.

It is already clear today that all of the socialist countries where economic reforms are being instituted most actively have begun using securities on a broad scale as an instrument for the development and mobilization of financial resources. Within reasonable limits and well-planned forms, they are consistent with the principles of economic autonomy and freedom from budgetary financing.

The experience of the socialist countries proves that the benefit to the national economy should be the main criterion and that questions of income and social justice should be settled with the aid of fiscal policy and the development of the system of social security.

Procedure for Registering To Participate in Foreign Trade

18250132 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 23 Mar 89 p 3

[Article: "Attention: Participants in Foreign Economic Relations!"; first paragraph is SOTSIALISTICHESKAYA INDUSTRIYA introduction]

[Text] On 7 March 1989 the USSR Council of Ministers published a decree "On Measures for the State Regulation of Foreign Economic Operations" to aid in the implementation of the USSR Council of Ministers decree of 2 December 1988 "On the Further Development of the Foreign Economic Operations of State, Cooperative, and Other National Enterprises, Associations, and Organizations."

The established system of state regulation includes the registration of participants in foreign economic relations. The registration function was assigned to the USSR Ministry of Foreign Economic Relations and its local representatives.

The USSR Ministry of Foreign Economic Relations has reported that registration will include the submission of a registration card, filled out in the prescribed manner, the acquisition of a registration number, inclusion in the official published state register, and the issuance of a certificate of registration.

When the registration certificate is drawn up, the participant in foreign economic relations will give (directly or by mail) the registering organization a receipt from the local branch of the savings bank attesting to the transfer of 250 rubles to the USSR Ministry of Foreign Economic Relations' "InformVES" account No 302307 in the Moskvoretskiy branch of USSR Promstroybank in the city of Moscow.

Questions about registration and licensing should be addressed to the Main Administration for the Coordination and Regulation of Foreign Economic Operations and the Main Administration for Raw Material Exports and Imports of the USSR MVES [Ministry of Foreign Economic Relations].

An information and consulting center will be open 24 hours a day (the telephone numbers for general information are 244-15-33 and 244-13-35).

Information of interest to organizations directly engaged in export and import operations will be published regularly in VNESHNYAYA TORGOVLYA SSSR and the "Foreign Commercial News Bulletin."

Registration Card for Participant in Foreign Economic Operations

1. Applicant OKPO code

2. Mailing address

Telephone Telegraph

Telex Telefax

3. Manager (l,f,m)

4. Chief bookkeeper (l,f,m)

5. List of export goods (works, services)

6. List of import goods (works, services)

7. Bank account numbers and branch names

8. Superior organization

Seal Manager's signature

Date

Procedure for Filling Out Registration Card

The typed registration card will be submitted to the registering organization either directly or by mail:

In the space following "Applicant," list the full name and abbreviation of the participant in foreign economic relations;

In the space following "OKPO code," list the code number of the enterprise, association, production cooperative, or other organization in the "All-Union Classified Directory of Enterprises and Organizations," issued in the prescribed manner by the Main Computer Center [GVTs] of USSR Goskomstat [State Committee for Statistics] or the GVTs of the union republic goskomstats;

In the spaces following "Mailing address" and "telephone," list the complete mailing address of the participant in foreign economic operations (including the postal index code) and the telephone number which will be used for business correspondence and conversations, including communications with foreign partners;

In the spaces following "Manager" and "Chief bookkeeper," list the complete last names, first names, and middle names of these officials;

In the space following "List of export goods (works, services)," list the products (works, services) planned for export;

In the space following "List of import goods (works, services)," list all of the goods (works, services) to be purchased for basic production operations and other needs and purposes covered by existing legislation;

In the space following "Bank account numbers and branch names," list the account numbers and branches of banks, USSR Vneshekonombank and its branches;

In the space following "Superior organization," list the complete name of the superior organization or body which approved the charter of the participant in foreign economic operations.

If there is not enough room for all of the information on the registration card, the necessary information can be listed on additional sheets of paper marked with the number of the question being answered. The additional sheets must be signed by the manager of the organization and affixed with a seal.

The code number listed in the "All-Union Classified Directory of Enterprises and Organizations" (OKPO) is an essential part of the registration procedure. The OKPO code numbers can be obtained from the following organizations of the USSR Goskomstat network:

1. GVTs, USSR Goskomstat, 105679, Moscow, Izmaylovskoye sh., 44
2. GVTs, RSFSR Goskomstat, 103012, Moscow, Cherkasskiy per., 9
3. GVTs, Ukrainian SSR Goskomstat, 252023, Kiev-23, ul. Kuybysheva, 4
4. GVTs, Belorussian SSR Goskomstat, 220070, Minsk, Partizanskiy pr., 14
5. GVTs, Uzbek SSR Goskomstat, 700077, Tashkent, Lunacharskoye sh., 63
6. GVTs, Kazakh SSR Goskomstat, 480124, Alma-Ata, pr. Abaya, 125
7. GVTs, Georgian SSR Goskomstat, 380085, Tbilisi, pr. Mira, 4
8. GVTs, Azerbaijan SSR Goskomstat, 370136, Baku, pr-t Stroiteley, pl. 50-letiya Sovetskogo Azerbaydzhana
9. GVTs, Lithuanian SSR Goskomstat, 232746, Vilnius, pr. Lenina, 31
10. GVTs, Moldavian SSR Goskomstat, 277028, Kishinev, Kotovskoye sh., 53
11. GVTs, Latvian SSR Goskomstat, 226301, GSP [Special City Bulk Mail Postal Service], Riga, ul. Lichpleta, 1
12. GVTs, Kirghiz SSR Goskomstat, 720884, Frunze, ul. Frunze, 374
13. GVTs, Tajik SSR Goskomstat, 734052, Dushanbe, ul. Atni, 127

14. GVTs, Armenian SSR Goskomstat, 375023, Yerevan, pr. Ordzhonikidze, 7

15. GVTs, Turkmen SSR Goskomstat, 744000, Ashkhabad, pr. Svobody, 72

16. GVTs, Estonian SSR Goskomstat, 200105, Tallinn, ul. Endla, 15

The following organizations will register participants in foreign economic operations:

103006, Moscow, ul. Chekhova, 2; USSR MVES Representative for Central Zone (only for Moscow City and Oblast until 1 July 1989); tel: 299-17-84

196084, Leningrad, Moskovskiy prospekt, 98; USSR MVES Representative for Leningrad and Leningrad Oblast; tel: 298-42-74

690000, Vladivostok, Posyetskaya, 23; USSR MVES Representative for Far East; tel: 2-36-53

692900, Nakhodka, ul. Portovaya, bldg. 4; Division Chief for Nakhodka and Vostochnyy Ports; tel: 5-72-88

680670, Khabarovsk, ul. Sheronova, 113; Division Chief for Khabarovsk Kray and Amur Oblast; tel: 33-01-56

684003, Irkutsk, ul. Gryaznova, 1; Division Chief for Irkutsk and Chita Oblasts and Buryat ASSR; tel: 24-30-57

252655, Kiev, Bolshaya Zhitomirskaya, 19; USSR MVES Representative for Ukrainian SSR; tel: 212-29-16

340002, Donetsk-2, pr. V. Khmel'nitskogo, bldg. 102, suite 99; Division Chief for Donetsk Oblast; tel: 93-45-72

348000, GSP, Voroshilovgrad, pl. Geroyev Velikoy Otechestvennoy voyny, oblispolkom; Division Chief for Voroshilovgrad Oblast; tel: 252-60-31

330107, Zaporozhye-107, ul. Lenina, 164; Division Chief for Zaporozhye Oblast; tel: 234-93-11

325000, Kherson, Main Post Office, P.O. Box 30; Division Chief for Kherson and Nikolayev Oblasts; tel: 006-60-09

333005, Simferopol-5, Soviet Building; Division Chief for Crimean Oblast; tel: 225-46-75

270107, Odessa, ul. Sverdlova, 83; Division Chief for Odessa Oblast; tel: 209-09-90

310546, GSP, Kharkov, Division Chief for Kharkov Oblast; tel: 243-70-20

320070, Dnepropetrovsk, 70, ul. Tsentralnaya, 10; Division Chief for Dnepropetrovsk Oblast; tel: 244-06-13

316022, Kirovograd, pl. Kirova, Soviet Building; Division Chief for Kirovograd Oblast; tel: 224-46-85

286000, Vinnitsa, GSP, 86, ul. Gogolya, 14; Division Chief for Vinnitsa Oblast; tel: 222-66-49

290004, Lvov-4, ul. Lenina, 14; Division Chief for Lvov Oblast; tel: 275-32-73

244030, Sumy-30, P.O. Box 131; Division Chief for Sumy Oblast; tel: 222-53-32

252655, Kiev-25, GSP, ul. Bolshaya Zhitomirskaya, 19; Division Chief for Kiev Oblast; tel: 212-39-39

220113, Minsk, Yakuba Kolosa, 65; USSR MVES Representative for Belorussian SSR; tel: 66-04-63

226000, Riga, ul. Gorkogo, 20; USSR MVES Representative for Latvian SSR; tel: 28-95-07

232001, Vilnius, ul. K. Pazhelos, 28/5; USSR MVES Representative for Lithuanian SSR; tel: 62-44-33

200090, Tallinn, Pyarnuskoye shosse, 8; USSR MVES Representative for Estonian SSR; tel: 44-26-18

380018, Tbilisi, ul. Rustaveli, 8, State Building; USSR MVES Representative for Georgian SSR; tel: 99-60-37

370000, Baku, ul. Zevina, 1; USSR MVES Representative for Azerbaijan SSR; tel: 92-72-35

375019, Yerevan, ul. Antaran, 188; USSR MVES Representative for Armenian SSR; tel: 58-14-41

480091, Alma-Ata, ul. Komsomolskaya, 45; USSR MVES Representative for Kazakh SSR; tel: 62-14-53

720000, Frunze, 40 let Oktyabrya, 42; USSR MVES Representative for Kirghiz SSR; tel: 26-66-07

277612, Kishinev, pr. Lenina, 73; USSR MVES Representative for Moldavian SSR; tel: 22-21-26

744000, Ashkhabad, ul. Borodinskaya, 2; USSR MVES Representative for Turkmen SSR; tel: 5-14-70

734000, Dushanbe, ul. Mozayeva, 21; USSR MVES Representative for Tajik SSR; tel: 27-43-96

700000, Tashkent, GSP, prospekt Lenina, 16; USSR MVES Representative for Uzbek SSR; tel: 39-43-54

Note: Before the offices of representatives of the USSR MVES are opened in certain autonomous republics, krais, and oblasts, participants in foreign economic

operations will be registered temporarily by the representatives of the USSR MVES in the offices of the autonomous republic councils of ministers, krayispolkoms, and oblispolkoms.

Foreign Trade Ties of Leningrad Agro-Industrial Organizations

18250130 Moscow SELSKAYA ZHIZN in Russian
14 Mar 89 p 3

[Article by A. Gruzinov, Lenoblispolkom [Leningrad oblast ispolkom] deputy department chief, and A. Shevtsov, Lenoblagroprom [Leningrad Oblast Agro-Industrial Complex] department chief engineer: "The Agro-Industrial Complex and the Foreign Market—A Difficult Science"]

[Text] Up until quite recently, the foreign market and all the activity associated with it were considered to be the concern of a select few. That is how things were: Some manufactured the product while others exported it, without exposing the foreign economic operations to the entire "kitchen".

Yet now the producers themselves have been permitted not only to enter into contacts, but even to create joint enterprises, to obtain and supply effective technologies, and to work in direct ties with their partners from the CEMA states.

Many economic managers have felt the possibility of showing off their business ingenuity in deed. Their interest was warmed also by the representatives of the foreign companies, who with enviable efficiency found their potential partners in our region, and after meeting with them took home the so-called protocols of intent.

One of the first "perturbers of the calm" which took a practical step in establishing business contacts was the suburban sovkhos "Fedorovskoye" of the "Tosnenskiy" agro-combine. This farm specialized in the production of vegetables for Leningrad residents. How to increase the effectiveness of the crop lands, how to reduce manual labor during cultivation and especially during harvesting of the vegetables to a minimum? These questions had concerned Leningrad farmers for many a year.

They decided to invite agronomists from the French corporation "Klekner- Ina" which, judging by their advertisement, had achieved outstanding success in vegetable farming.

And so, early in the spring, foreign sowing technology stood in line with our own on the fields of the sovkhos. The Russian spoken by the machine operators was intermingled with French. Plant growers from the entire oblast came to look at this unheard-of competition. They were impressed not by the originality of the methods, (they, as a rule, coincided with ours), but by the thoroughness with which they were implemented. Thus, thanks to rotary plowing, the dense loam indeed became

light as a feather. All the planting material was brought in in small boxes, thoroughly measured out and prepared for planting, which was performed with precision down to the last centimeter.

In the fall, the harvest, which was unusual for this land, was also surprising. Thus, the crop yield of cabbage was 600 centners per hectare, while by the traditional domestic technology it was only 440; of carrots—550 and 250, respectively, and of beets—450 and 185.

At the same time, on the fields of another sovkhos in the same agro-combine, Dutch specialists from the "Agrico" company were working side by side with the French specialists. Each of them were allocated 150 hectares of land for raising potatoes. In cultivating this land, the French company used only mineral fertilizers, while the Dutch also took into consideration the traditional means of local potato growing. As a result, the Dutch got a slightly higher crop yield, comprising an average of 300 centners per hectare.

The initiative of the two sovkhoses was noted and evaluated at its true worth. In September of 1988, an all-union seminar-conference was held at the agro-combine "Tosnenskiy". Its participants approved of this cooperation, while the vegetable growers of the agro-combine decided to grow all their vegetables using the foreign technology under a lease agreement.

This is not the only case of business cooperation with foreign partners. The enterprises of Lenoblagroprom alone have established scientific-technical ties with 15 countries. Today contracts are being negotiated with companies from Finland, Poland, Czechoslovakia, Sweden and Yugoslavia. The practical return from such cooperation is already evident. Thus, the application of ferromagnesium sprayers purchased from the FRG at the Siversk Agricultural Machinery Repair Plant has made it possible to restore 45 percent of the machine-tractor equipment which was to be written off. The labor productivity in this sector has increased by 1.5 times. The installation paid for itself within a year.

Negotiations are being conducted with Swedish firms for the purchase of technological lines for the manufacture of glazed earthenware for sanitary engineering application, and for the creation of joint production for this purpose. Negotiations are also in progress with a West Berlin firm on organizing production of European class pallets for sale on the foreign market.

Although even today a large part of the export is comprised of raw materials, we understand that our raw material reserves are not endless. Therefore, in negotiations with the Dutch company "Visser" the agroprom insisted that the extraction, enrichment, processing and packaging of peat be done in one place, on our territory, and the revenue split 50-50. Initially, this firm wanted only to export the peat, and then to sell it to other countries in the form of a semi-finished product.

As yet, the oblast's enterprises still do not have much freely convertible currency in their accounts, and only around 40 enterprises have such accounts. Not everyone has yet learned the simple truth: If you want to obtain high efficiency import equipment, you must earn currency or utilize the capacities of direct ties.

This is in spite of the fact that for over a quarter of a century now Leningraders have been conducting port and border trade with the Scandinavian countries, having created the foreign trade association "Lenfintorg" for this purpose. We also have other organizations which directly or indirectly implement foreign economic ties. It would seem that it is time we gained some experience and enterprising wisdom.

It is no accident that "Lenfintorg", which has many years of experience, came under sharp criticism at the meeting of the oblast Council ispolkom. This was not only because it had sold only 6 percent of the products which went for export from our oblast's territory, but primarily because under the new conditions it did not really become an organizational center for foreign economic activity and up until most recently had limited its penetration into the foreign market to Finland alone. Out of the entire volume of export deliveries, Finland accounts for 91 percent, Sweden—7, and Norway—only 2 percent. A similar picture has emerged also with the import of goods from these countries.

The success of the foreign economic activity of the enterprises largely depends on the degree of information which the participants in the trade deals possess. In our opinion, "Lenfintorg's" sharp reduction in the export of canned mushrooms supplied by the "Lento" association was due only to a shortage of information. It turned out that the commodity appearance of these canned goods, especially the packaging, had long ago ceased to correspond to the demands of the Western market. Also, a serious competitor from the Chinese People's Republic appeared on the scene, and began supplying a similar product at a cheaper price. Now the "Lento" company must once again try to capture the sales market and seek new partners.

On the other hand, the very same "Lenfintorg" was quick to classify among the goods which find no consumer demand the so-called "toplyak"—long sunken wood with which our rivers are jammed. What good is it, they said? Yet according to specialists, such wood takes on a "morainial" quality from being submerged at the river bottom for so long. Thus, a number of foreign companies have expressed their readiness to buy a considerable quantity of this raw material from the "Lenles" association.

Of course, trade in general, and foreign trade in particular is a difficult science which requires great competence and culture. If they wanted to, "Lenfintorg", the Foreign Economic Bank, the Leningrad administration of officials from the Ministry of Foreign Economic

Relations, and the customs administration could all do much in preparing cadres. It is true, they did participate in the only seminar held by Lenoblispolkom, but the matter did not end at that. For example, we cannot be satisfied with the passive position of the Foreign Economic Bank, which prefers to limit its work merely to accounting operations. We would already today like to see in it a competent consultant which gives conclusions about the economic feasibility of foreign economic deals, as well as a direct participant in joint enterprises which invests its own capital in their creation.

Currency Exchange Procedures Criticized

18250115 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 7, Feb 89 p 12

[Letter to the editor by P. Kuksov, director of the Altay Engine Plant Association: "Does Our Country Need Dollars?"]

[Text] This seems to be a strange question. Of course, our country needs dollars! For the second 5-year plan now, our association, the Altay Engine Plant, has been trying to obtain funds for the high-precision grinding machines which are badly needed for production. Unfortunately, such equipment is not produced in our country, and the only way out is to acquire it abroad. This way out is theoretical rather than practical; year after year, our ministry responds in the same manner: "there is no currency."

I am certain that other enterprises also experience similar difficulties. However, I am not writing this in order to give an account of our problems. A recent event which suggests that, while we need currency acutely, we do not use all the opportunities to receive it is the reason for my letter to the editor.

In November 1988, an American delegation—president of the "Ambac" company Mr. Isherwood (Ishervud) and his three deputies—visited Barnaul in order to establish business contacts with our association. Our guests just traveled through Moscow and were not able to exchange their dollars into rubles. They were going to do this at their destination.

However, our guests miscalculated. Even the protracted negotiations between the management of the association and the chief of the kray USSR Gosbank administration A. Argunov on exchanging the currency "as an exception" did not produce any results. For obvious reasons, we could not treat seriously the offer to take our guests to Novosibirsk where money could be exchanged. We ended up buying return tickets for our guests with the money raised through a collection among association employees.

Maybe, this does not merit a letter to your newspaper—big deal, this is an isolated case. However, the steadily growing direct business ties between our Soviet enterprises and foreign companies, and the expansion of international tourism are the signs of our time. Many such "isolated cases" make the Soviet people blush with

shame for our arrangements and our bureaucrats. Large amounts of currency do not end up in the state coffers because of such "trifles." Perhaps, it is high time to pay attention to these questions and resolutely renounce excessive caution.

[signed] P. Kuksov, director of the AZTA of the Altay Engine Plant Association, city of Barnaul.

Editorial commentary. We have asked the chief of the department for the organization of settlements and briefings on non-commercial operations of the USSR Bank for Foreign Economic Relations N. V. Sviridov to comment on the letter. He agreed that the situation described is strikingly nonsensical, and at the same time explained: in Barnaul, the conduct of operations in hard currency has been entrusted to the kray administration of the USSR Agroprombank. Of course, it is hard to assume that the idea to offer the dollars to the Agroprombank would occur to the foreign guests and their voluntary helpers from the production association. However, it is a mystery why the chief of the kray administration of the USSR Gosbank A. D. Argunov turned out to be ignorant.

Anyway, the compartmentalization of the banking system has introduced so much confusion that an event similar to the one in Barnaul may happen again anywhere, said Nikolay Vasilyevich summing up our conversation.

Europe Institute Official on Phased Ruble Convertibility

18250083 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 2, Jan 89 p 20

[Article by A. Tsimaylo, USSR Academy of Sciences Europe Institute section chief: "What Kind of Convertibility Do We Need?"; first paragraph is source introduction]

[Text] The step-by-step transition to convertibility of the ruble which is envisioned in the USSR is one of the primary tasks in the new Soviet foreign economic policy. In accordance with the recently adopted USSR Council of Ministers' resolution on the continued development of foreign economic activity, the country's central economic departments must develop and submit to the USSR Council of Ministers as early as the first quarter of 1989 specific proposals for the phased development of partial convertibility of Soviet currency. What is the main point in this problem? What are the priority means of realizing the adopted decisions?

The opinions expressed up until now on the pages of the Soviet press may essentially be reduced to several principles. The overwhelming majority of economists agree on the need to change over to convertibility. However, the discussion on it is usually limited to a summary of

the advantages associated with this changeover. In public discussion, at least, there is practically no conception of the program of transition to the convertibility of the ruble which is in any sense developed. Finally, the discussion of questions of convertibility of the ruble is conducted primarily with a view toward improving the system of USSR foreign economic ties, and not in connection with economic reform as a whole.

Convertibility May Vary

A rather simplified concept of currency convertibility has become entrenched in the everyday consciousness. It is interpreted primarily as the unlimited freedom to exchange any number of rubles for foreign currency during the purchase of import products by enterprises and organizations, as well as during trips taken by citizens abroad. Nevertheless, full convertibility without currency limitations is a great rarity in the world today. The overwhelming majority of foreign currencies have a certain form of limited convertibility. There are only a select few freely convertible currencies.

Many currencies which are considered convertible, upon closer examination, turn out to be limited, for example, by the circle of other currencies for which they may be freely exchanged. The limiting factor in the exchange of a number of convertible currencies may be the national affiliation of the person who wishes to convert them, i.e., here such an important circumstance as to whether he is a legal or physical persona of the given country (resident) or not (non-resident) is taken into consideration. Moreover, often the sum of cash which any resident of a certain country may take with him abroad is limited.

Thus, citizens of Finland have the right to exchange no more than 10,000 Finnish marks (around 1,500 rubles) when they travel abroad. Portuguese citizens may use a total of 100,000 escudo (around 400 rubles) per year for trips abroad, plus 5,000 escudo (about 20 rubles) additionally for each trip. Within the framework of the European Alliance, whose member state currencies received the status of convertibility back in 1958, there are plans to abolish all the limitations which still exist only by the beginning of 1993.

Returning to our ruble, we may affirm that its convertibility too will not soon become complete. Evidently, we must distinguish the convertibility of the ruble into freely convertible currencies, into partially convertible, and into closed currencies. In the latter case the division may be even more narrow. The convertibility of the ruble to the currencies of the socialist countries and to the transfer ruble will be of particular importance.

We also cannot forget that convertibility may be realized either only within a given country, or abroad. By the way, an interesting article entitled "Will We Have a Currency Market?" (EG No 26, 1988) discusses, in

essence, the convertibility of the ruble only for USSR residents, and then only legal persona. This type of convertibility has been termed, not too aptly, "domestic convertibility."

Here we must make one remark. It is specifically at this intersection that one of the most important characteristics of money as a general equivalent is most clearly manifested. We know that the first of these characteristics is the ability of any national monetary unit to be freely converted for any goods or services on the domestic market. This, in other words, is domestic convertibility. The other characteristic is the capacity for being convertible to other currencies, or foreign convertibility.

Two Sides of the Coin

To what degree are domestic and foreign convertibility interrelated? Is it possible to have one without the other? Which of them is more important for the economic life of the country in general, and in the current stage of economic reform in particular? Which of them should be pursued first of all?

The general answer to these questions does not immediately stem from the simple observation that all freely convertible currencies (which are then called "hard") are exchanged in unlimited quantity for any goods and services within the country. It is specifically the fulfillment in full volume of all functions of money by the leading Western currencies, and primarily the function of a universal means of purchase and payment, that explains the desire of many countries with non-convertible currency to obtain as much Western currency as possible. Since externally this aspect is the most obvious, the non-convertibility of the ruble is synonymously associated with the chronic and acute deficit of "hard" currency. And this deficit, on the other hand, appears as a shortage of goods which may be sold for "hard" currency.

Nevertheless, these are not the main reasons. The primary reason is the domestic non-convertibility of the ruble, the absence of a sufficient commodity provision of the ruble within the country, which is what makes it necessary to increase the supply with purchases from abroad. Only through radical changes in the domestic economic life is it possible to achieve the necessary degree of "commoditization of the ruble." The domestic convertibility of the ruble in our economy is for now just as low as the foreign.

For example, in retail trade it is difficult to obtain many products which are in everyday demand. Unfortunately, the list of goods which are in short supply is not declining, but growing. At the same time, recently also in the sphere of retail commodity turnover there is a forcing out of normal trade by allocation. We are speaking of the sale of goods and rendering of services specifically by the workers of a certain enterprise or organization, and of privileges given to various categories of the

population. Of course, this may be a social benefit (and a considerable one under current conditions) for the members of a specific labor collective. However, in essence, it leads to a further displacement of the domestic convertibility of the ruble.

Matters are even worse with the money of enterprises. Generally, the tens of billions of rubles kept in their accounts have no domestic convertibility. This limitation is determined by the legislative substitution of normal commodity-monetary relations with "card" distribution. As a result, the money of the enterprises, on one hand, is not convertible for goods, since on one hand permission (funds) is required for their acquisition, and on the other hand—they are practically isolated from the money of the population, which has at least a formal free domestic convertibility.

What are the consequences of the transition to domestic convertibility of the ruble under the current character of its practical domestic inconvertibility? This question is particularly acute in connection with the appeals which we often see on the pages of the press to immediately or rapidly introduce the convertibility of the ruble. This, they say, would make it possible to solve many domestic problems, including the problem of alienation of the domestic price system from world prices, as well as the problem of ineffective work of the enterprises.

Thus, in the opinion of N. Petrakov, the introduction of convertibility of the ruble would place the enterprises under conditions of strict competition and would force them to "move" and increase their work effectiveness. In our opinion, such an attempt is equivalent to the decision of a trainer to let a novice who has barely mastered the rudiments of boxing into the ring to fight against a seasoned professional.

This is one side of the question. The other is the fact that the introduction of domestic convertibility of the ruble, with the huge supply of domestically inconvertible rubles and the extremely low demand for them abroad due to their domestic inconvertibility, will lead to a steady and very significant devaluation of the ruble on foreign markets, with all the serious consequences for the domestic economy which would stem from this.

Obviously, it would be incorrect to deny the importance of the stimulating effect of outside competition on the activity of Soviet enterprises, foreign market flows, and the formulation of domestic prices. However, both are possible only at a certain level of development of the domestic market, one which we have not yet reached. The current approaches to the convertibility of the ruble into "hard" currencies is nothing more than a simple declaration of the readiness of the Soviet domestic market to integrate into the world economy. However, real freedom or fullness of foreign convertibility is on the whole determined by the degree of domestic convertibility of the ruble.

Sometimes the example of the *tchervonetz* of the 20's, which was quoted on international currency markets as being "higher than the pound and the dollar", is presented as an argument in favor of the rapid transition to the convertible ruble. However...

First of all, the introduction of the *tchervonetz* into domestic circulation as well as into international exchange was part of the monetary reform of 1922-1924, when the devalued monetary denominations were decisively removed from circulation, and a new, full-value Soviet currency—the *tchervonetz*—was introduced. As a rule, the authors who appeal to the experience with the *tchervonetz* do not make mention of this very important factor of monetary reform.

Secondly, the gold standard which was in existence at that time, and within the framework of which the currencies of all countries were tied to gold and exchanged for it, had disappeared at Letu.

The gold-foreign currency provision of the *tchervonetz* on the foreign market and the guarantees of its free conversion primarily into gold made it possible to maintain the stable course of the *tchervonetz*, which was facilitated also by the similar attachment of the capitalist currencies to gold. The guaranteed exchange of the *tchervonetz* for foreign currency was ensured for non-residents as well as residents of the USSR.

The convertibility of the *tchervonetz* during that time was to a significant degree possible also thanks to the extremely limited issuance of new Soviet currency and the strict control over it. We know that there was a "*tchervonetz* hunger" in the country. Nevertheless, there were more or less enough *tchervontzes* for the normal functioning of trade-monetary relations, since the economy had been destroyed and the process of accumulation was just beginning. We will recall also the important circumstance that after the monetary reform of the 20's, the level and proportions of pre-war prices had been restored in *tchervonetz* computation. These prices, as we know, functioned under conditions of full-value gold money.

It is easy to note that since that time, three out of four circumstances have faded irretrievably into the past in the entire international currency-finance system, and one—monetary reform—is not yet on the agenda. Consequently, the "historical argument" in favor of immediate convertibility carries no weight.

Real Prospects

What we have said here, of course, does not mean that we can put off "until later" the resolution of the problem of introducing convertibility of the ruble. On the contrary, the movement toward it must be undertaken without hesitation. This can be mostly facilitated by the introduction of the new economic mechanism. It is

specifically the success of economic restructuring that will most greatly facilitate the main objective—the provision of domestic convertibility of the ruble.

Parallel with this, other steps are also possible in the direction of a limited foreign convertibility of the ruble. The first of these is the introduction of convertibility for foreign currencies for USSR enterprises according to the scheme outlined in the article, "Are We To Have a Currency Market?" Along with organizing a currency market for Soviet enterprises and organizations, we could ensure the free convertibility of "foreign currency rubles" within the make-up of enterprise currency funds. EG has repeatedly written about the problems which exist here. Free trade in currency on the proposed currency market, whose creation is provided for, specifically, in the above-mentioned USSR Council of Ministers' resolution, will mean only a marginally limited foreign convertibility of the ruble, which would be limited by the currency supply. The expansion of this supply will occur with the appearance of high quality export products which will be competitive on the world market.

The possibility of introducing a partially convertible ruble, of course, presupposes establishing an economically substantiated currency course. A separate discussion of this question has also been brought up in EG.

Finally, I would like to focus attention on one more point. Recently, some economists have repeatedly stressed that the introduction of the convertibility of the ruble is the key direction and the most important condition for radical reform of foreign economic activity. We believe that in this case we must speak not of convertibility, but of establishing and supporting an economically substantiated currency course of the ruble. Such a course is a necessary, but certainly not a sufficient, condition of convertibility.

The key direction in improving foreign economic activity may be only the radical restructuring of the economic mechanism and the creation of an effective domestic market within the USSR.

Economist Discusses Need for Ruble Convertibility

*18250129 Tashkent SELSKAYA PRAVDA in Russian
5 Feb 89 p 3*

[Article by M. Lyubskiy, candidate in economical sciences, senior scientific associate at the USSR Academy of Sciences Institute on Economics of World Socialist Systems: "Will the Ruble Be Convertible?"]

[Text] Socialist economic integration is at a turning point. The basic content of this turning point is the shifting of emphasis to cooperation at the enterprise level, the transformation enterprises into independent goods producers, and progress along the path leading to the creation of a common market for the CEMA states. The development of a new type of international socialist

division of labor is provided by the transition from administrative methods of managing the integration processes to economic methods, and to the active application of commodity-monetary relations. In this case, the radical restructuring of the currency-finance mechanism of cooperation is proceeding in the direction of the increased role of national currencies in mutual accounting on the basis of their convertibility and the expanded monetary functions of the leading ruble.

In connection with this, the question arises as to the possibility of introducing the convertibility of the Soviet ruble. At the 19th All-Union CPSU Conference, M. S. Gorbachev noted that together with our friends—on a bilateral and multilateral basis and within the framework of CEMA—we are undertaking the solution of key problems in scientific-technical progress and the development of current forms of economic cooperation. We see in the future a transition to free convertibility and a formation of a unified socialist market.

To the question of whether the ruble will be convertible, we may answer with only one word—yes. And if this is so, then we must also answer the following questions: What is convertibility of the ruble? Why is it needed? Under what conditions is its introduction possible?

Convertibility of the ruble is the state-guaranteed capacity for relatively free exchange of the ruble for foreign currency (and foreign currencies for rubles) in accordance with the effective course. Today this regimen does not yet exist in our country for a number of reasons.

Recently, articles have appeared in the press whose authors call for the immediate introduction of broad convertibility of the ruble for foreign currency (in this case for currencies of the leading capitalist countries). At first glance it would all seem to be quite simple—merely to authorize the exchange of the ruble, just as in the USA, FRG, Japan and a number of other countries it is possible to freely exchange the national currencies of these countries for those of any others.

Let us assume that these authors are correct and that free convertibility of the ruble has already been introduced. What would this inevitably lead to under the current state of the country's economy and its foreign economic ties? Under the existing shortage of many types of current technologies, machines, equipment and high quality consumer goods, it is quite evident that USSR enterprises and citizens would want to exchange rubles for foreign currency to pay for foreign goods and to meet their own demands (we assume that in the country there already exist the relatively free movement of goods over the border and trips of citizens abroad).

For such an exchange of rubles for foreign currency, corresponding (and sizeable) sums of foreign currency would be needed. For this it is necessary to continually increase Soviet exports at a rapid rate (especially to the

West), as these exports are the primary source of obtaining currency. Moreover, the revenue from exports in foreign currency must exceed the import payments. However, the fact is that under the current acute competition, our goods (primarily products of the processing industry) are very difficult to sell on the capitalist market, and for the present exports cannot serve as a reliable source for replenishing the currency reserves necessary for the normal functioning of the mechanism of ruble convertibility. This means that for this reason alone the introduction of broad convertibility of the ruble is premature.

Does this mean that we do not need ruble convertibility at all? Certainly not. Moreover, it is necessary. Yet convertibility is not simply the exchange of one currency for another, but a directionally planned economic process, a principle and method of organization of the economy and currency relations aimed at the active participation of the country in the international division of labor. Convertibility of the ruble is a necessary link in the chain of measures within the framework of radical economic reform, an organic part of the market being formulated in the USSR, and a necessary element in commodity-monetary relations... It must be directed toward creating conditions for competitiveness of Soviet enterprises with foreign companies in regard to product quality and production effectiveness.

With convertibility, domestic goods on the market would invariably conflict with the convertible ruble, behind which stands convertible Western currency. It may be used to buy any goods on the world market. Therefore, the quality of our goods will have to be "brought up" to world standards. Otherwise, the convertible ruble will not be reliably secured. This should provide a powerful stimulus for the development of technologies.

Then again, such processes and their mediating mechanism of convertibility will be able to "operate" effectively only if their actuation is properly prepared. Today the necessary and adequate conditions for this are just now being formulated. The root of the question lies in increasing the effectiveness of production on the basis of the leading technologies and engineering techniques. This will lead to the saturation of the domestic market and to an increase in the export potential, as well as to a strengthening of positions in foreign markets.

Finally, there is one more necessary condition for the introduction of ruble convertibility. This is the determination of its real course in relation to foreign currencies, which reflects its actual buying power. The effective course of the ruble as yet does not meet this chief requirement.

It is also necessary to introduce wholesale trade in means of production with the participation of foreign partners. This will ensure the direct contacts of Soviet enterprises with foreign firms in the USSR domestic market.

On the basis of these primary conditions, the ruble will become convertible in the future and will become an accepted means of international accounting. The Soviet Union will be able to settle its accounts with countries on various foreign trade and other operations not in foreign currency, but in its own. This is what true ruble convertibility really means.

The first steps have already been taken in this direction. Within the framework of CEMA, a mechanism of mutual convertibility of national currencies is beginning to be developed. The PRB, USSR and CSSR have signed agreements on the application of national currencies in the mutual accounting of associations, enterprises and organizations which have direct ties. Evidently, in the very near future similar agreements will be formulated also with other interested states of the socialist alliance.

At first accounting in the national currency will be done primarily on a bilateral basis. As experience is accumulated and the national economic mechanisms are brought closer together, conditions will be created for multilateral regional convertibility of the currencies on the basis of their convertibility to transfer rubles. This will facilitate the integration of the national markets of the CEMA member states, the formulation of a unified system of prices, the levelling of proportions of domestic prices, as well as the rapprochement of structures of economic and currency mechanisms. All this, in essence, will bring us closer to the creation of conditions for the functioning of a common market for our countries.

GDR Complaint About Quality of USSR-Built Ship
18250114 Moscow IZVESTIYA in Russian Morning
Edition 4 Mar 89 p 5

[Article by V. Lapskiy, correspondent: "Rejects for Export;" first paragraph is IZVESTIYA introduction]

[Text] We cannot deny that the voyage from Moscow to the Baltic port of Stralsund is a long one, but when the German inspectors saw the "Riebniz-Damgarten," a diesel boat which had been built for the GDR, they could not believe their eyes. It looked as if it had been around the world at least three times. Rusty and shabby, rocking on the waves, the ship was an embarrassing sight. What happened?

Did the boat get caught in a brutal storm and get hit by the devastating ninth wave, did it bump into an iceberg, or did it get caught under a downpour of acid rain? Not at all. Nothing special happened on the way to the port of destination, and the water in the Baltic Sea is not aggressive enough to eat away paint, so nature had nothing to do with it. Regrettably, the ship came off the building slip of the Moscow Shipbuilding and Ship Repair Plant (MSSZ) in this, or almost this, unsalable condition.

Before I relate what happened next, I want to mention just a few facts. We buy large trawlers, refrigerator ships, passenger liners, dredgers, and container ships from the GDR—in all, around 30 vessels a year. German specialists took a liking to our diesel pleasure boats like the "Moskovskiy" and asked to buy them from us instead of arranging for the production of their own. They started by ordering one boat and promised to buy two more. In fall the diesel boat named "Riebniz-Damgarten" set off from Moscow to Stralsund. Long before it reached its destination, it was included in shipping schedules, and tickets were sold to Germans and to foreign tourists. Soviet and German specialists were invited to come along on its maiden voyage. Of course, it never took place.

So, as I said before, the inspectors were stunned when they saw the new ship. This is understandable because their first impression was that a heap of scrap metal was floating up to the pier instead of the handsome snow-white diesel boat they had been expecting. A letter of complaint was sent to the Soviet Sudoimport Foreign Trade Association, and a group of Soviet experts went to Stralsund to take a look at the vessel. They were also shocked by the condition of the boat. The USSR Trade Delegation in the GDR decided to create a special commission of five and appointed O.S. Nikonov, Sudoimport's inspector-instructor, chairman of the commission. The members made a thorough investigation of the boat. I spoke with them.

"What we saw," Nikonov said, "was an absolute disgrace. Personally, I would have been ashamed to send this kind of ship abroad. It was outrageously rusty. The poor quality of the assembly and welding work on the hull was immediately apparent. It was substandard. It was done carelessly, without any regard for technological standards. There were gaps, incomplete fusions, burned sections, and drips in the welded seams. We felt so uncomfortable."

"What else?"

"The anchor assembly was lopsided. One winch did not work and another was in terrible condition."

Here is what V.M. Tsygankov, the leader of the group of Sudoimport specialists, had to say: "There were many violations of safety standards, but after all, this is a passenger vessel! We were appalled by what we saw. The life-belts were packed away in metal chests which were bolted shut. What if there had been an accident? Each chest (there were eight in all) would take at least 10 minutes to open with a screwdriver even under ordinary conditions, and what if the boat should be tossing or listing? All of the notices on the ship were written in Russian.

"The commission drew up a list of faults. There were 48! They ranged from rotten screws to poor finishing materials and substandard doors painted gloomy colors. The

choice of some of the trim, furniture, and equipment evinced an obvious lack of taste. There were flagrant violations of technological standards and clear departures from records when the ship was being built."

F.V. Sirotin represents the RSFSR Ministry of the River Fleet in the Rostock office of the trade delegation.

"Diesel boats like the 'Moskovskiy,'" he said, "are used on many of our inland waterways and large lakes and sail the Volga. In general, they are not bad ships. They can carry many passengers and stay afloat beautifully. They have been built and are still being built by the MSSZ. They were not sold abroad until recently. The contract for the delivery of the first export ship was signed last spring. It took around 3 months to build. The workers and engineers must have known that the ship was going to the GDR. But this is not the important thing. They should build ships of good quality even for domestic lines. The Moscow plant's department of technical control did not have high standards either. Besides this, a representative of the client was in the plant at all times, and I must say that he probably should have monitored the work on the ship more closely."

O.S. Nikonov said: "When we met with the German inspectors, they essentially told us: 'You expect our ships to be of high quality, but what are you delivering to us?' Honestly, it was embarrassing."

The commission drew up a report on the results of the inspection of the ship and the conversations with representatives of the Schiffskommerz trade organization and the Weisse Flotte national passenger shipping lines. Several copies were sent to Moscow, including one to the MSSZ. The reply from the plant was signed by chief engineer Yu.A. Kamenskiy, and I have a copy of it in front of me.

The plant must be given credit for assuming the blame for several of the problems mentioned in the letter and for promising to take these comments into account when diesel boats are built in the future. We would like to believe this will be done. The Moscow shipbuilders tried to justify some of their actions, however. In particular, they said that the notices in German and English were not sent to them in time from the GDR by the date stipulated in the contract. Not all of the rules of operation on inland waterways were observed. But these were all minor details in comparison with the main and obvious fact. The vessel was delivered to the client in substandard condition. It needed substantial repairs and modification before it could be used by the shipping lines.

I do not want to say that the incident involving the "Riebniz-Damgarten" was a typical case. It was probably a special case, but the most important thing is that it was an extremely educative case. It has already become a tradition to produce goods meeting the highest requirements and standards for export. Obviously, we should

minimize the discrepancies between the quality of goods "for ourselves" and the quality of goods "for abroad," but we are concerned only with exports here. I would like to quote a statement from the report of the Soviet experts—it is extremely meaningful. In reference to the ship from Moscow, they wrote that "products of this kind have an adverse effect on the USSR's reputation as a solid trade partner in the eyes of foreign firms and foreign trade organizations and discredit the work of Soviet specialists abroad." This is the truth and nothing but the truth.

Our country wants to export its goods on a broader scale, and much is being done toward this end. Dozens of associations and large enterprises were recently granted the right to conduct foreign trade operations autonomously. Many enterprises, including the MSSZ, are sending their products to the foreign market for the first time and are becoming involved in international trade. Competition in the world market is fierce and entails a struggle for customers. If we want to enter this market and stay in it, we need competitive goods meeting world standards. We simply cannot afford to send obviously substandard goods to this market.

Finance Officials Discuss Poland-USSR Monetary Agreement

18250123 Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 9, Feb 89 p 21

[Article by Ye. Rasskazov and S. Lykov: "In Rubles and Zlotys"; first paragraph is *EKONOMICHESKAYA GAZETA* introduction; passage in boldface as published]

[Text] *EKONOMICHESKAYA GAZETA* has already reported on the agreements signed by the Soviet Union with Czechoslovakia, Bulgaria, and Mongolia on the use of national currencies in settlements within the framework of the new forms of cooperation. In January 1989 such an agreement was also signed with Poland. Ye. Rasskazov, adviser at the USSR Ministry of Finance, and S. Lykov, chief specialist at the USSR State Bank, discuss the characteristics of the accord reached.

The system of settlements in national currencies, first of all, should ensure a normal servicing of the new forms of integrative interaction—direct production and scientific-technical ties and joint ventures—and simplify the implementation of settlements for partners from fraternal countries.

The agreement signed between the USSR and the Polish People's Republic on the use of national currencies is an integral part of a whole package of measures aimed at developing advanced, new forms of economic and scientific-technical cooperation. Intergovernment agreements on direct production and scientific-technical ties between enterprises and organizations of the Polish People's Republic and the USSR, on basic principles in the establishment and activity of joint ventures and joint

organizations, and on the development of a mutual exchange of consumer goods carried out by domestic trade enterprises and organizations have been signed in the last 2 years.

The agreement on the use of national currencies makes it possible to virtually complete the establishment of the normative base for the realization of tasks following from the Long-Term Program for the Development of Economic and Scientific-Technical Cooperation Between the Polish People's Republic and the USSR for the Period Until the Year 2000.

The agreement envisages the possibility of using in settlements between the USSR and the Polish People's Republic, in addition to the collective currency of CEMA members, that is, the transferable ruble and national currencies of the Soviet Union and Poland, the ruble and the zloty. In contrast to similar agreements with other countries, in particular, with the People's Republic of Bulgaria and the CSSR, the sphere of application of national currencies has been somewhat expanded here. Settlements in Soviet rubles and Polish zlotys can be implemented not only by organizations of the USSR and the Polish People's Republic, which have concluded an agreement or have an accord on direct production and scientific-technical ties, but also within the framework of domestic trade and an exchange of consumer goods, as well as by organizations during mutual purchases and sales on domestic markets of the Polish People's Republic and the USSR.

A decision on the use of one currency or another in settlements between organizations of the Polish People's Republic and the USSR in accordance with the signed agreement will be made on the basis of a mutual accord.

During deliveries of goods and provision of services with settlements in national currencies it is possible to use contract prices, on which the partners themselves will agree. At the same time, contract prices should not serve as a precedent for setting prices of similar products (jobs and services) delivered outside the framework of contracts on direct ties and proximal border trade. Of course, the possibility of setting contract prices in the exporter's national currency and, in some cases, of the importer's as well will eliminate neither problems of excessive prices nor of the quality of delivered goods. However, this will simplify for enterprises the coordination of foreign trade prices during deliveries of specific equipment. It will no longer be necessary to evaluate the produced article in transferable rubles. The possibility of compensating exporters for a specific level of expenditures will be determined by the economic effect that can be attained by the importer from the introduction of the purchased equipment into production.

Foreign banks of both parties, that is, Bank Handlowy in Warsaw and the USSR Foreign Economic Bank, are mediators in the implementation of settlements in

national currencies. To ensure the continuity of settlements, the banks can grant credits in national currencies to each other. Within the funds available to them the banks will offer national currencies for credit or sell them to organizations of the Polish People's Republic and the USSR.

Direct exchange ratios between the two national currencies based on their actual purchasing power will be used for mutual conversions of the Polish zloty into Soviet rubles and vice versa. Information on their level, as well as its changes, will be published in the press periodically. However, if a need arises for the use of exchange ratios of national currencies with respect to the transferable ruble, enterprises and organizations will be able to use the rates officially adopted in each of the countries.

At this stage enterprises and organizations will not yet be able to use national currencies in the sphere of so-called centralized settlements, that is, settlements for deliveries of goods and services within the framework of protocols of the commodity turnover and payments between the Polish People's Republic and the USSR. For now such areas as nontrade payments, as well as operations based on retail prices, are closed to them.

For the time being the period of validity of the signed agreement is insignificant—1 year. Before 31 December 1989 the parties will make an analysis of the efficiency of the new mechanism and will adopt a decision on extending the period of validity of this agreement.

11439

Lithuanian Role in Socialist Division of Labor
18250061 Moscow *EKONOMICHESKOYE*
SOTRUDNICHESTVO STRAN-CHLENOV SEV in
Russian No 9, Sep 88 pp 46-50

[Article by Bronislavas Zaykauskas, deputy chairman of the Lithuanian SSR Council of Ministers, under the rubric "Integration Means Augmentation of Forces": "Soviet Lithuania: Participation in the International Division of Labor"]

[Text] Soviet Lithuania is developing as an integral part of the Soviet Union's unified economic complex. Its economy is growing stronger, and its production and scientific and technological potential is improving. An organic part of these processes is the expansion of specialization and cooperative production arrangements on the basis of a deepening of socialist integration and the development of interrepublic production relations with a view to the rational participation of the republic's economy in the international socialist division of labor.

The Republic's Potential

The Lithuanian SSR is a relatively small republic (65,200 square kilometers), which occupies only 0.3 percent of the Soviet Union's territory, or 10th place

among the 15 union republics. In population size (3.6 million persons, or 1.3 percent of the USSR's population), it occupies 11th place. The share of national income created in Soviet Lithuania is about 1.3 percent of the country's total.

Lithuania has none of the principal minerals and insignificant local energy resources. Therefore, such industries as the machinery and metalworking industries, the fuel and power industry, and the chemical industry rely on shipped-in raw materials and other materials. Enterprises in light industry, the furniture industry, the wood-processing industry, and the pulp-and-paper industry also require a certain amount of shipped-in resources. Local sources of raw materials essentially support the building-materials and construction industry, the meat and dairy industry, and the food and condiments branches.

One specific feature of the structure of Lithuania's industry is its fairly well-developed production of diverse consumer goods, which make up about 40 percent of all industrial production. In the past few years the nuclear-power and petroleum-refining industries have started to develop in the republic. In addition, mineral fertilizers, chemical fibers and household chemical products are produced in the republic.

In terms of the average production of national income and industrial output per capita of the republic's inhabitants, Lithuania occupies fifth place in the country (after Estonia, Latvia, the RSFSR and Belorussia), slightly surpassing average figures for the USSR as a whole. A number of Lithuania's industries play an important role in satisfying the country's requirements. Thus, we hold fourth place among the republics in the production of machining machine tools, and first place among them in the amount of such production per 1,000 inhabitants. Lithuania produces about 90 percent of the general electric meters, 70 percent of electric washing-machine motors, and an absolute majority of electric refrigerator motors manufactured in the country. It has up-to-date facilities for the production of televisions, refrigerators, vacuum cleaners, and galvanic elements. In addition, our automatic compressors, electric welding equipment, drills, instruments and automation equipment, and a number of light-industry products occupy a sizable place in the country's national economic complex. Thus, in the production of wool, silk and linen fabrics, and knitwear and hosiery, Soviet Lithuania occupies second and third place among the fraternal republics.

Lithuania produces 60 percent more agricultural output per capita than the country average. Its principal area of specialization is meat and dairy animal husbandry, including hog raising, which means primarily the meat and dairy industry.

The sugar, fish and canning industries also occupy a significant place in the republic's food complex. Not only do their products meet the needs of their own region's population, a considerable amount of them is shipped to other republics and also goes for general public needs.

The republic's continuously expanding export of products attests to the level of development of our industry and agriculture. Today our exports can be found in more than 90 countries of the world. In 1987, 39.3 percent of exports went to the CEMA countries; of these, 29 percent went to the Republic of Cuba, 28 percent went to the PPR (Polish People's Republic), 11 percent went to the HPR (Hungarian People's Republic), 9 percent went to the GDR, 8 percent went to the CSSR, 4 percent went to the SRR (Socialist Republic of Romania), 3 percent went to the Mongolian People's Republic, and 1 percent went to the SRV.

In the structure of the republic's deliveries to the countries of the socialist commonwealth, the bulk (about 43 percent) is accounted for by the machinery industry, while petroleum refining accounts for 16 percent; agriculture, the meat and dairy industry, and the food industry—for 11 percent; the wood-processing and pulp-and-paper industries—for 9 percent; the fish industry—for 7.5 percent; light industry—for 4 percent; and other branches—for 9.5 percent.

New Steps

The radical restructuring of the USSR's foreign economic activities in the past few years has opened up new prospects for mutually advantageous commercial and economic cooperation between the Lithuanian SSR's enterprises and organizations and those of the other CEMA countries. It has become possible for the republic to enter directly into the foreign market, thanks to the Litimpeks Foreign-Trading Association established at the end of 1987. It has already signed its first contracts. In addition to export-import operations, the association is intended to assist Lithuania's enterprises and organizations, on a commercial basis, in developing new forms of international economic and scientific and technological cooperation, as well as various forms of services, and to conclude contracts in the area of science, culture and art.

Soviet Lithuania has become actively involved in the restructuring of cooperation in the context of the CEMA. Many of the republic's enterprises and organizations have established, or are in the process of negotiating to establish, direct production and scientific and technological ties with nearly 150 partners from the fraternal countries.

One example is cooperation between the Vilnius Construction and Finishing Machinery Plant and the Hungarian enterprise [Mechanikan Muven] in the production of high-pressure automatic spray painters. Their contacts began back in 1976 following the signing of an interdepartmental agreement between the USSR Ministry of Construction, Road and Municipal Machine Building and the Hungarian Ministry of Industry. Licenses and know-how were purchased jointly, and a

year later the production of painters began. Today they are used not only in construction, but in the ship-building, aviation and furniture industries and other branches of the economy.

At present these two enterprises cooperate on the basis of a contract on direct production and scientific and technological ties concluded in March 1987. The partners are continuing to work on improving their cooperatively produced products and raising their efficiency and reliability, as well as on developing new models of high-pressure machines.

One could cite other examples. The Lithuanian Sigma Production Association has arranged joint research and the production of Winchester-type magnetic memory-storage disks with the MOM Optical Plant (HPR). This association also has strong economic relations with the [Gants] Electrical Meter Plant (HPR) in the cooperative production of induction electrical meters. Together with the [Unitra-Biazet] (PPR) and [Elfema] (GDR) plants, the Vilnius Radio Components Plant manufactures deflecting systems and is working to improve the technology of scanning units for television receivers, etc.

New forms of cooperation with the fraternal countries are also being developed in the republic's agriculture. Farms belonging to the Lithuanian SSR State Agroindustrial Committee and Polish agricultural organizations (eight on each side) have been the first to begin implementing direct production and scientific and technological ties. They plan to work on improving fruit growing and hothouse vegetable and flower growing, introduce new technologies for cultivating agricultural crops, and make reciprocal seed deliveries.

Thus, the Institute of Fruit and Flower Growing in the city of Skierniewice (PPR) and the Lithuanian Sovkhoz imeni Michurin have contracted for the delivery of 40,000 dwarf apple seedlings from PPR in the autumn of 1988. In exchange, the Polish partner will gain the opportunity to learn about our techniques for growing chokeberries, sea buckthorns and rugosa roses.

This year direct ties are to be established between Lithuania and the GDR: between the Vilnius and Erfurt dairy combines, and between the Vilnius Stud Farm and the Klausberg Erfurt-District Animal-Husbandry Enterprise; and a training and consultation center for Soviet specialists to study operating procedures and repair methods for farm machinery produced in the GDR is to be set up jointly with the [Fortschritt] Combine. Other proposals are under consideration for expanding direct production and scientific and technological cooperation between farms, enterprises and organizations belonging to the Lithuanian SSR State Agroindustrial Committee and the other socialist countries' agricultural organizations.

Individual enterprises in the republic are beginning to get involved in such complex and effective forms of economic cooperation as international research and production associations and organizations. Thus, the Kapuskas Food Vending Machine Plant and the Nogema Enterprise (GDR) have set up a research and production association for the joint development and cooperative production of new packaging equipment for the food and dairy industry. The Vilnius Heating Equipment Plant imeni 50th Anniversary of the USSR has joined a Soviet-Bulgarian research and production association in its field.

In 1987 the Littara-Volanpak Soviet-Hungarian enterprise for packaging materials and packaging began joint operations. It has completely fulfilled its contractual commitments and earned above-plan profits.

Bulgarian lifting and transport machinery accounts for a sizable part of imported equipment in the republic. As many years of experience have shown, the poor quality of maintenance and service is a weak link in its operation. As a result, highly productive and costly machines work at less than full capacity, and some of them stand idle. In this connection, the question of setting up a specialized republic service and repair center has been considered. Interested organizations have reached the conclusion that the best way to solve this problem would be through forming a joint venture.

At present, talks are under way on establishing a joint Soviet-Bulgarian enterprise in Lithuania for the maintenance and repair of electric lift trucks manufactured by the [Balkankar] Economic Association. Other proposals for joint enterprises with organizations in the fraternal countries are also being studied.

In addition to bartering and direct production relations between the Lithuanian SSR and the CEMA countries, cooperation has also been developing in construction. Thus, the Polish [Budimeks] organization and a PKZ [Design Plant?] in the old part of Vilnius are restoring architectural landmarks, and in Kaunas [Budimeks] is building an Inturist hotel; the Polish foreign-trade organization [Polimeks-Tsekop] is supervising the installation of complete chemical-manufacturing equipment at a plant in Kedainiai. A draft contract has been prepared, and the construction of municipal purification installations will soon begin in the city of Klaipeda with the participation of Polish foreign-trade enterprises.

Cooperation Among Scientific Collectives

The development of foreign economic relations and the introduction of scientific and technological advances in the economy are promoted by the republic's participation in international trade fairs and exhibitions in the CEMA countries, including those held in the HPR, the CSSR and the PPR in just the past year.

Many of the exhibits and works by the Lithuanian SSR's scientific collectives that have been represented at these exhibitions have received honorary diplomas and awards, which attests to international recognition of the accomplishments of the republic's science, technology and culture.

The Lithuanian SSR Academy of Sciences cooperates with research institutions from the CEMA countries. Its institutes take part in working on numerous topics on which there is multilateral cooperation. The Institute of Chemistry and Chemical Technology is involved in working on the largest of them, the "Electrical Engineering" problem. And it is also working on the problem "The Development of Measures to Protect Metals Against Corrosion" along with the [Galvanotechnik] People's Enterprise (GDR), the General Machine-Building Design Institute (HPR), the Institute of Precision Mechanics (PPR), the Higher Mechanical and Electrical Engineering Institute imeni V. I. Lenin (People's Republic of Bulgaria), and other scientific and technical organizations from those and other fraternal countries.

The Lithuanian SSR Academy of Sciences' Institute of Mathematics and Cybernetics is studying the problem "Cardiovascular Diseases" together with the Medical Academy's Institute of Pathological Physiology (Erfurt, GDR), and it participates in bilateral cooperation with the academies of science of the HPR, the GDR, the PPR, the Socialist Republic of Romania, and the CSSR on the "Mathematics" problem. In addition, 11 institutes of the Lithuanian SSR Academy of Sciences are working on an agreement on scientific cooperation with the Polish Academy of Sciences, and two of its institutes are working on 25 joint topics with scientific institutions from the GDR, the PPR, the HPR and the CSSR on the basis of cooperation contracts between institutions of higher education.

Direct Bartering

In the past few years the direct bartering of goods with trading organizations of neighboring PPR has developed extensively. In 1987 the Lithuanian SSR Ministry of Trade carried out direct bartering operations worth a total of about 10 million rubles' with internal trading organizations from the Bialystok, Suwalki and Szczecin voevodships in the PPR.

This year direct ties have been established between internal trading organizations from Lithuania and the HPR, CSSR and PRB (People's Republic of Bulgaria).

In addition, in 1987 the Lithuanian SSR Ministry of Trade carried out bartering operations between department stores in the cities of Vilnius and Kecskemet (HPR) and Vilnius and Havana through the All-Union Industrial Imports Trading Association.

Thus, the participation of Soviet Lithuania's industrial, agricultural and scientific organizations in the economic integration of the CEMA countries is rather diversified. It positively affects the development of our republic's economy.

The adoption by directive agencies of decrees on the development of foreign economic relations, and of the USSR Law on the State Enterprise (or Association) has created broad prerequisites for diverse contacts between the fraternal countries' enterprises and organizations. These documents have given labor collectives an interest in increasing profits and obtaining foreign exchange. The appearance of economic incentives should contribute to the elimination of formalism (when ties are established and carried out on orders from higher agencies, ministries and departments) and the development of initiative and socialist entrepreneurship by the direct producers of products, goods and services.

At the same time, this does not mean that all the necessary conditions have been created, or that all the obstacles on the path to economic integration and the formation of direct foreign economic contacts have been removed. In particular, currency and financial relations and the pricing system need to be improved.

These relations are hindered to no small degree by the lack of adequate information about enterprises and organizations in the fraternal countries that want to establish direct production and scientific and technological ties with Soviet partners. Here chambers of commerce and industry, which are supposed to accumulate this information and present it to interested organizations, should make their contribution. A good deal also remains to be done in the initial and advanced training of personnel, who for the most part do not have adequate knowledge of the organization and implementation of foreign economic ties.

The restructuring for which the 27th CPSU Congress laid the foundation has provided a major impetus toward the further strengthening of economic relations among countries of the socialist commonwealth. And we are certain that the contribution of the Lithuanian SSR's economy to that process will increase.

COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi. Sekretariat

8756

RSFSR Council of Ministers to Study Republic Foreign Trade Organization

18250081 Moscow SOVETSKAYA ROSSIYA in Russian 12 Feb 89 p 2

[Letter to SOVETSKAYA ROSSIYA editors by M. Vinokurov, deputy director of the Leningrad wholesale trade enterprise Roskhozorg, and response by Ye. Khokhlov: "Import Without Currency;" first paragraph is source introduction]

[Text] The regular meeting of the RSFSR Council of Ministers Presidium is scheduled to discuss the work of

"Rosvneshtorg". We present for the consideration of discussion participants a letter from Leningrad, with commentary from our correspondent.

Letter to the Editors [from M. Vinokurov, deputy director of Leningrad Wholesale Trade Enterprise "Roskhozorg"]

Dear Editors!

In September of 1987 I told your correspondent about a new form of international trade proposed by Leningrad residents—direct commodity exchange with the CEMA member states. The interview was published on 27 September under the headline "Trading an Iron for a Sewing Machine". What has changed since that time?

Today this work is being pursued in practically all the regions of the country. Here in Leningrad last year alone over 15 million rubles worth of goods were obtained and sold through barter. Our wholesale enterprise conducts direct operations with the trade organizations of Bulgaria and Poland, and is about to conclude a contract with Vietnam. We have also received representatives from China.

One should not think that we do this by impoverishing our own buyer's market. No. We trade only those goods which are in abundant supply in Leningrad and which were obtained due to supplementary production at Leningrad plants. Everyone benefits from this: both the buyer and us; as for trade, somehow, significant help has appeared in fulfilling the plan for commodity turnover and real income. In 1987 the USSR Ministry of Trade defined by directive that the income from commodity exchange trade operations remains under the jurisdiction of the enterprises. Yet soon the boundaries of cost accounting independence again began to be narrowed.

The RSFSR Mintorg [Ministry of Trade] Accountancy, Control, and Inspection Administration Chief V. I. Golubov, in a letter dated 3 January 1989, gave the order to transfer the greater portion of income from trade operations to the state budget and the centralized fund. By taking away the income from the collectives, the Mintorg willingly or unwillingly inhibits our relations with our foreign trade partners.

We, the trade workers, sometimes get the impression that the ministries live their own life and have their own problems and concerns which are totally removed from our problems and concerns. Perhaps this impression is incorrect. But then, how can we explain the fact that our telegram to USSR Deputy Trade Minister S. Ye. Sarukhanov regarding this strange directive remained unanswered?

Here is another aspect of the problem which confirms that the USSR Mintorg and RSFSR Mintorg are very reluctant to part with the administrative-command methods of management. By groups of household goods,

only 6 classifications—furniture, wallpaper, washing and sewing machines, refrigerators and vacuum cleaners—are included in the state order. The other goods, in accordance with the statute on the state order and Mintorg directive, must be sold freely, with retention of the level of economic ties. That is how it should be. Yet in fact things are quite different. The ministries have also defined for themselves an additional list of goods, which they must have control over. This list contains over 50 items. In Moscow they intend to control canisters, matches, axes, chimney brooms, brushes, etc. Does this mean that now we may not get the goods which we contracted for?

Who will provide the answers to our questions—the Ministry of Trade, the Gosplan, or perhaps the Council of Ministers?

Our Commentary [by E. Khokhlov]

Enclosed with the letter was that very same RSFSR Mintorg directive and copies of our protests. They were compiled properly and sent to the proper place. Even from the bureaucratic standpoint everything here is logical. This is probably why they still remain unanswered: There is nothing to raise an objection to.

RSFSR Deputy Ministry of Trade V. Tikhonov also has difficulty in explaining how it happened that, counter to the former "correct" order, there suddenly appeared an "incorrect" directive. He believes that the document passed through the bookkeeping apparatus, where they missed its main point. Or, simply said, the chief of the bookkeeping administration, about whose actions the author of the letter is indignant, mechanically, without notifying the ministry leaders, duplicated a regular instruction. So let us rescind it—and the matter is at an end!

"We don't have the right," says Vadim Yevgenyevich. This document is from the union Mintorg. Yet the question, we may believe, is almost resolved."

USSR Deputy Minister of Trade S. Sarukhanov has already promised to get to the bottom of the matter. We have only to find out the result.

While we are making phone calls, V. Tikhonov is telling about the development of trade. From the standpoint of the Russian Mintorg, the prospects for this matter are very great. We can see this by the figures. In 1987, 6 pairs of department stores engaged in bilateral trade. Today there are over 100. At that time the volume of turnover was 187 million rubles. Now it is 400 million. Voronezh, Saratov, Ulyanovsk, Kaluga, Arkhangelsk, Kirov and Yaroslavl have all joined Leningrad. This is how many wish to fill their counters with non-currency imports! The benefits, really, are obvious. First of all, the mass of goods is increased. Secondly, there is more maneuverability. In the case of some undersupply it is possible to

quickly close the assortmental deficit. The export potential is increasing, if only a little. And then—there are the profits. For each ruble, even with consideration for the considerable transport expenses, we receive 1 ruble 89 kopeks in income.

...Finally, they answered the telephone.

"What about the instruction, Suren Yefremovich? Have they changed it yet?", inquired V. Tikhonov, and having finished the conversation, commented:

"The matter, it turns out, is more complicated than I thought. The Instruction was prepared at the USSR Minfin [Ministry of Finance] together with a foreign economic commission.

One more twist. But let us leave the investigation of bureaucratic secrets aside. They can enlighten us only with the old truth: Instructions are easily born, but are exceedingly difficult to rescind. Another moment is more interesting in this matter. Letters from unhappy Leningrad residents floated about different floors and offices, and sometimes ended up in random hands. Yet not once did they find their way to those who, it would seem, should hold all the strings—to the all-Russian cost accounting foreign trade association "Rosvneshtorg". Why?

"We do not participate in direct trade operations," says "Rosvneshtorg" Chairman I. Belotserkovskiy. "These are 'trifles', consumer goods. The trade enterprises have full freedom of activity".

Such freedom is not always good, especially if we understand it as the absence of coordination. Department stores and wholesale enterprises which have undertaken direct trade are experiencing similar demands: For constant information on the foreign trade market conditions, for sound advertising, and for protection of their economic interests. I looked at an old newspaper. Those same problems which a year and a half ago were being raised by the deputy director of the Leningrad wholesale association may still be brought up today. They begin with a specific problem—how is it that a [trade representative] sent abroad does not have a cent of appropriate currency in his pocket, and extend to the main question of prices.

Enterprises which are too independent sometimes trade to the detriment of the state, disrupting the balance of trade. Unfortunately, the farther we go, the more such examples we see. For some reason, no one is apprehensive when from long lists of goods presented for trade our more clever partners select only 3-4 items. These are primarily chemical fertilizers, lumber, and metal, which are currency products anyway. The Blagoveshchensk Gorpromtorg sends carbamide to China, miscalculating over half its cost. The Kursk Leather NPO [Scientific Production Organization] makes a deal with the Yugoslavs for delivery of hides, losing 15 percent in the

bargain. We might add that in regard to Yugoslavia, with all the abundance and variation in foreign trade ties, it never happens that the same Yugoslav goods on the Soviet market have two different prices. What can you say about us? "Rosvneshtorg" reacts to such facts, but in the absence of a well-ordered system this does not yield the necessary effect.

The All-Russian Foreign Trade Association is only a year old. Only now are its sections being created in the oblasts, and officials being appointed in the ispolkoms. The association workers want to become sensible and

efficient brokers, to provide the necessary middleman services, and for a minimal percentage at that. Therefore, perhaps it is premature to hold them so strictly accountable. Yet it is the right time to look closely at the experience they have gained in a year and to define their tasks more clearly.

The regular meeting of the RSFSR Council of Ministers Presidium is planning to discuss the work of "Rosvneshtorg". We will inform the readers about the content of this discussion.

Participants in 1962 Cuban Missile Crisis Interviewed

Former Soviet Embassy Official

18070521 Moscow KOMSOMOLSKAYA PRAVDA in
Russian 4 Feb 89 p 3

[Interview with Georgiy Nikitovich Bolshakov, former Soviet Embassy official in Washington, by correspondent S. Butkov; first paragraph is KOMSOMOLSKAYA PRAVDA introduction]

[Text] From 1959 to 1962 Georgiy Nikitovich Bolshakov worked in Washington as the Soviet Embassy's information adviser. For almost 2 years he maintained unofficial contact between N.S. Khrushchev and President Kennedy through Attorney General Robert Kennedy and was one of the direct participants in the dramatic events of the 13 days in October 1962.

[Question] More than a quarter of a century separates us from the Caribbean crisis. What do you think we learned from it?

[Answer] Crises are dangerous. We have learned that even small regional conflicts can grow into global ones. There have been many examples of this in history. The Sarajevo conflict, for example, led to World War I. This is why there is a greater need today than ever before to carefully study and analyze all of the mechanisms giving rise to such critical situations and seek possible ways of not only settling them by political and diplomatic means, but also, and above all, of preventing them.

Almost any political crisis in intergovernmental relations can be settled, and it is important to learn how the opponents can be led out of the pre-nuclear situation by peaceful means. This is what we discussed at the symposium.

The events of October 1962 were the first and, luckily, only thermonuclear crisis in our history, representing, as President G.Kh. Shakhnazarov of the Political Science Association so aptly put it, "the moment of fear and enlightenment" when N.S. Khrushchev, John Kennedy, F. Castro, and all humanity first realized that they were all "in the same boat" and that this boat was in the epicenter of the nuclear void.

[Question] What, in your opinion, were the main causes of the Caribbean crisis? What opinions did other participants in the symposium express?

[Answer] They expressed different, sometimes diametrically opposed points of view. Some felt that the causes of the crisis were of a military nature—by deploying its missiles in Cuba, the USSR, according to them, was trying to reduce the "imbalance" in the number of Soviet and U.S. nuclear warheads, the ratio of which at that time, according to them, was 17:1 or 15:1 in favor of the latter. Others mentioned political causes—the United

States' intention to destroy the Republic of Cuba and the USSR's intention to strengthen the position of the socialist camp on the American continent. I believe, however, that the Caribbean crisis was primarily a crisis of governmental and human trust.

[Question] Did you learn anything new at the symposium that you had not known before?

[Answer] In spite of the fact that, as the Americans say, the events of those 13 days in October are "always at my fingertips," I personally learned many new things. For example, I learned that 2 days after the failure of the Cuban counterrevolutionary invasion in the Bay of Pigs on 17 April 1961, Robert Kennedy wrote a prophetic memorandum to the President and predicted that one of the consequences of these events might be the deployment of Soviet missiles in Cuba, and this is what happened just over a year later. I also learned that the Atlantic naval command received a memorandum from Secretary of Defense R. McNamara on 6 October 1962 with the order to begin making preparations for the implementation of emergency plans 314 and 316 with the aim of overthrowing the Castro regime. In accordance with this memorandum, troops, materiel, ammunition, and a fighter aircraft carrier were quickly transferred to Florida. These new documented facts offer more evidence that N.S. Khrushchev's and F. Castro's fears about the future of Cuba were valid. Immediate steps had to be taken to strengthen the defensive capabilities of the republic, and this was done.

[Question] If the fears of the Soviet and Cuban leaders about Cuba's future were so valid, why was there so much commotion over the deployment of Soviet missiles in Cuba?

[Answer] The turbulent emotions throughout the world in those days were less a result of the shipment of the Soviet missiles across the ocean than of the position we took—our categorical denial that they were being deployed in Cuba and, consequently, the secrecy of our actions.

There is little doubt that this was a diplomatic error and even less doubt that it was a violation of a principle Lenin announced in the first days following the Great October Socialist Revolution—the principle of the openness of Soviet diplomacy. As the saying goes, however, every cloud has a silver lining. The Soviet missiles in Cuba, according to N.S. Khrushchev's eloquent remark, "tickled" the American belly. The Americans first sensed the breath of war on their own doorstep. Those 13 days in October forced the United States and the rest of the world to give some thought to common human security.

[Question] Which day of the Caribbean crisis do you feel was the most dangerous?

[Answer] Without any question, it was the night between 27 and 28 October. In the morning of 27 October a high-altitude American U-2 plane flown by Major R. Andersen was shot down by a Soviet antiaircraft missile. This was the first and last casualty of the blockade. The U.S. Air force command suggested an immediate air raid on Cuba. The situation reached the boiling point. The President had difficulty restraining the military. Robert Kennedy invited Ambassador A.F. Dobrynin to his office and warned him that there might be a war. A decision had to be made right away on the proposal discussed the day before regarding the withdrawal of Soviet missiles from Cuba in exchange for a U.S. guarantee of non-intervention in the internal affairs of this country and the observance and respect of its sovereignty. A few minutes after his talk with Dobrynin, Robert Kennedy called me and asked if we could meet in a car near my home. When we met he told me the same thing he had told the ambassador a few minutes earlier. He stressed that by starting the blockade of Cuba, the President had become the "prisoner of his own actions" and could not "restrain the military during the next few days unless Moscow issued a positive response."

Early in the morning of 28 October I was awakened by the telephone. It was my friend, journalist Charles Bartlett, who said in a voice ringing with joy that Radio Moscow had begun broadcasting a message to President Kennedy from the Soviet Government, agreeing to withdraw the missiles and bombers from Cuba in exchange for the previously mentioned U.S. guarantees. The clock which had been marking the seconds of war began marking the first seconds of peace. Later I was told in Moscow that the decision to broadcast the message on the radio was made because there was no time to put the message in code, and it was carried page by page from the dacha in Ogarev where the Central Committee Presidium was meeting to the radio station by Central Committee Secretary L.F. Ilyichev, Chairman M.A. Kharlamov of the State Committee for Television and Radio Broadcasting, and others.

Pierre Salinger

18070521 Moscow KOMSOMOLSKAYA PRAVDA in
Russian 4 Feb 89 p 3

[Interview with Pierre Salinger, journalist and former White House press secretary, by correspondent A. Kartsev; first paragraph is KOMSOMOLSKAYA PRAVDA introduction]

[Text] Pierre Salinger, a journalist, was President John Kennedy's press secretary at the time of the Caribbean crisis and attended several of the meetings where U.S. policy was made during the days of the crisis. He is now the head of the European division of ABC, the large American private radio and television company.

[Question] An international symposium on questions connected with the Caribbean crisis recently came to an end in Moscow. What can you, as someone who saw all of the events of October 1962 from within, say about its results?

[Answer] At the time of the Caribbean crisis I was President John Kennedy's press secretary and I attended several policymaking conferences and meetings at that time. We naturally had the most detailed information about the behavior of the Cuban and Soviet leadership and the situation in Cuba itself. But now, after all these years, we learned many new facts at the symposium in Moscow. In turn, we brought several declassified documents on our policy at the time of the crisis to the symposium in Moscow. Therefore, this alone would have made the symposium extremely interesting—we finally learned the truth about what actually happened with the Soviet missiles in Cuba.

I was happy to see such influential Soviet politicians as Andrey Gromyko and Anatoliy Dobrynin at the symposium....

[Question] What specific facts about the crisis did you just learn here in Moscow?

[Answer] First of all, in October 1962 we did not know exactly whether Soviet nuclear warheads had been delivered to Cuba or just missiles. Now we know that nuclear warheads were already there in Cuba, 20 of them. Another 20 were on Soviet ships sailing to Cuba. By a decision of the Soviet leadership, however, the warheads were not installed on a single one of the 20 Soviet missiles already located in Cuba with a range of around 2,000 kilometers. The missiles and warheads were kept separate. Besides this, we learned that the CIA was wrong when it said that there were another 75 to 100 nuclear missiles in the USSR. As we learned at the symposium, there were only 20.

A third interesting fact also indicates an error in judgment by our intelligence agency: We believed that there were only 10,000 Soviet soldiers in Cuba at the time of the crisis, but there were 40,000 of them.

[Question] You have been talking about what Soviet and Cuban participants said at the symposium. What did you and other Americans do to "fill in the blanks"?

[Answer] We tried to assure the Soviet and Cuban sides that even at times of the greatest tension in American-Cuban relations prior to the deployment of the Soviet missiles in Cuba, we never planned to invade Cuba, much less occupy it.

[Question] But what about the events of 17 April 1961, when a CIA-trained force of mercenaries equipped with American weapons landed in the Bay of Pigs?

[Answer] This was our mistake; it was President Kennedy's biggest mistake. Furthermore, it was the prologue or stepping-stone for the deployment of the Soviet missiles in Cuba. After all, Andrey Gromyko told us in Moscow that the missiles began to be deployed because you and the Cubans were afraid of a new invasion of Cuba.

In November 1961 the CIA drew up the top-secret plan for "Operation Mongoose" with the intention of destabilizing and overthrowing the Castro regime. This document has now been declassified, and we brought it with us to Moscow. We learned something interesting: The Cubans told us that they had known about the plan. This had an even greater influence on the decision to deploy the Soviet missiles in Cuba. But I repeat, this was an ordinary "working" document, and the administration never seriously intended to attack Cuba after the failure of the mercenaries in April 1961. The possibility of an air strike against the missiles was not discussed until 27 October 1962 at a National Security Council meeting I attended. General Maxwell Taylor suggested that our planes should deliver this strike on 29 October. The President was supposed to approve the plan on the morning of 28 October. I was riding to a meeting with John Kennedy when the telephone in the car rang and I learned that Nikita Khrushchev had decided to withdraw the missiles from Cuba.

[Question] We know that there was a blockade of Cuba by the U.S. Navy when the Soviet ships were sent there. What plans did the administration have for possible naval actions?

[Answer] Obviously, we could not predict the behavior of the Soviet ships and we therefore planned that when the Soviet ships approached the blockade we would demand that they stop. If they kept coming, our sailors would have been ordered to destroy the radar equipment on the Soviet ships to "blind" them and force them to stop. But I have to stress that when Secretary of Defense Robert McNamara had a meeting with a group of American admirals the day before, he warned them that they could not fire even a single shot except on his orders or the orders of the President. Luckily, when our ships met, the Soviet sailors received an order from Moscow to turn around.

[Question] In spite of the extremely dangerous confrontation, the two sides displayed restraint and this made it possible to settle the conflict. Do you think something else could have happened?

[Answer] No, I do not. Both Kennedy and Khrushchev knew that the future of humanity was at stake, that the world was on the verge of nuclear catastrophe. And they knew that this could not be allowed to happen under any circumstances. I think that the settlement of the Caribbean crisis was not a U.S. victory or a Soviet success. It was a triumph for both of our leaders, who were able to resolve an extremely complex situation together. It is

interesting that our relations began to improve quite quickly immediately after the crisis. I am certain that if Kennedy had not been killed and Khrushchev had stayed in power, our countries would have been able to sign a nuclear arms limitation treaty then.

The main thing the crisis taught us is that we must reach agreements on nuclear disarmament. In general, our countries need stable and friendly relations and an atmosphere of cooperation and mutual understanding. It seems to me that this kind of atmosphere is being created step by step today. I appreciate Mikhail Gorbachev's statement in the United Nations about the unilateral reduction of the Soviet army by 500,000 men and the decisions of other socialist countries to reduce their armed forces.

We must make the world safer, so that situations like the one in October 1962 are never repeated. I believe in the intelligence of people, in their goodwill and desire for peace. And the fact that in the years since the crisis we have never reached a level of confrontation as dangerous as that one is excellent testimony in support of my optimism.

Use of Tax Incentives in Business Evaluated
18070591 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 26 Mar 89 p 3

[Article by A. Kuteynikov and O. Tikhonov, scientific associates of the USSR Academy of Sciences USA and Canada Institute: "A Burden Or an Incentive?"]

[Text] Once again cooperatives are the focus of attention. This time in connection with the directive on taxation. Some are even ready to jump to their defense. Yet would it not be better to first look and see what role taxes play abroad? For example, in the USA?

At first glance, this country's system of taxation is rather confusing. Yet even a superficial acquaintance tells us that it exists certainly not to support the army and the government apparatus. Worldwide, the viewpoint has long prevailed that the taxation system is not so much a means of replenishing the country's budget as a most powerful instrument for managing the economy. The entire question is how to actuate it.

In the USA taxes are collected at the federal (governmental), state, and local levels. Moreover, similar taxes, as for example individual income tax, may be collected at all three levels. The appropriate organs of authority are given the sovereign right to determine their amount and order of collection independently of each other. The states, districts, and municipalities widely practice the implementation of referenda on tax policy. The verdict of the population is decisive.

If we take the all-national, federal system of taxation in the USA, we may find that in the course of the '80's alone there have been significant changes introduced into it 4 times. Most of them were directed at creating more equal conditions for competition, and at stimulating enterprise activity.

How is the stimulating role of taxes manifested? First of all, only the net income of the enterprises is subject to taxation, after deduction of all production costs. One of the largest components of these costs is the wages paid to the hired workers and employees. To determine the taxable income, the companies also have the right to deduct from the profits those sums which were spent on social activity, as for example for the payment of private pensions and for medical insurance for their workers. Finally, the part of the profits which is invested in scientific research and development for the purpose of improving production is also tax deductible. Thus, the enterprises which place their funds in scientific-technical progress seem to obtain definite benefits.

According to the data of American economists, around 85 percent of the profits obtained by U.S. corporations are subject to federal taxes at a rate on the order of 34 percent. The remaining 15 percent are taxed at lower rates. For small and medium-sized companies the conditions of taxation are even more advantageous.

To this we should add that the order of taxation is largely determined by the form of ownership. It provides for the division of U.S. enterprises into three basic types: single-person holdings; so-called partnerships, belonging to several co-owners (and thereby reminiscent of our cooperatives), and corporations (enterprises with stock capital).

The income from enterprises of the first two types is considered the personal property of the owners. It is subject to taxation only by individual income tax. Also, if after a certain time the partnership presents documents showing that part of the profit was spent in accordance with articles not subject to taxation, the appropriate part of the tax is refunded. Individual taxation of the profits of the enterprises themselves exists only for corporations. The maximal rate of the individual income tax reaches up to 33 percent, while the so-called effective, actual rate is up to 28 percent.

Obviously, competition has the decisive influence on the rates of scientific-technical progress. From this standpoint, all taxation measures specially stimulating scientific-technical progress are secondary in regard to the activity of the government which is directed toward combatting monopolies and developing competition. Yet they should not be discounted.

The fact that taxation measures aimed at stimulating scientific-technical progress may give significant effect is evidenced by the experience of the so-called "risk business". In the USA it is usually represented by companies specializing in the development and supply to

the market of various innovations, primarily new scientific-intensive products. It is specifically within the framework of the risk business that personal computers and super-computers were born and the commercial applications of genetic engineering are today being successfully developed.

The basis of the risk business is small companies—developers of innovations, who have much in common with our scientific-technical cooperatives. But there is also another type of firm. These are companies which finance risk businesses, which our economic practice does not yet know. The necessary funds, as a rule, are given to a small venture company not in the form of credits, but as a share of its capital. If the small company is successful on the market and if its product is in demand, then the financing company sells off its stock packet at a profit. The difference between the initial investment and the sum realized from the sale of the stock is what comprises the risk company's capital profits.

Understandably, the scope of the risk business is determined by the number of investors ready to invest money into the projects, four-fifths of which, as we know ahead of time, will not bring any profits. Yes, that is the degree of risk in financing small innovative companies. Therefore, the circle of those willing to take the risk depends to a very large degree on the tax rate at which the income from operations with valuable credentials is taxed. In 1978-1981 this rate was reduced from 49.5 to 20 percent. As a result, the annual volume of funds offered by companies of risk capital increased from 39 million dollars in 1977 to 4.5 billion dollars in 1983. This example clearly demonstrates how prudent taxation policy may re-direct funds toward the stimulation of scientific-technical progress.

What conclusions does the American experience allow us to draw? The main one is that taxation policy is a double-edged sword. It may elevate the country or send it into decline. Therefore, the question of establishing taxes must be approached with extreme caution. Specifically the U.S. Internal Revenue Service tries not to subject income to double taxation, as is proposed with the income of our cooperatives (first—as profit of the cooperative, and then—as income of the cooperator). And, so that the entrepreneurs are not tempted to "rechannel" all their profit into their own income, depriving the company of development, the rates for individual income tax and profits tax should not differ too much from one another.

Finally, the leaders of state enterprises as well as cooperatives must be sure of the stability of state policy. This is so that constant tax increases do not discourage them from taking economic risk and from planning their activity for the long-term future, without which scientific-technical progress is unthinkable.

FRG Greens Party Policy on Arms Control, Ecology Described

18070580 Moscow SOVETSKAYA ROSSIYA in Russian 23 Mar 89 p 3

[Article by V. Agayev (Bonn): "The Goal Is To Save Lives; Report from Green Party Headquarters in the FRG"]

[Text] West Germany is getting greener before our eyes. It is getting greener not only in the literal sense—the long warm fall led directly into an extraordinarily early spring; the FRG is also "getting greener" politically. The events of the last few weeks, especially the outcome of the communal elections, clearly attests to the increasing popularity of the Green Party.

To get a first-hand report on the party's immediate concerns, the SOVETSKAYA ROSSIYA correspondent went to party headquarters.

The golden sunflower on a field of green—the appealing emblem of the "Greens"—beams everywhere. Rows of shelves hold stacks of leaflets explaining the party line on major and urgent issues: "Unilateral Disarmament—We Must Take the First Step"; "Clean Chemicals—Utopia?"; "Health in Danger"; "After the Forests Die, So Will Man"; "Save the North Sea."

These leaflets, which will be distributed at rallies, campaign meetings, demonstrations, and debates, cite horrifying figures and frightening examples. The underground sources of 70 percent of the drinking water in the FRG are poisoned. The annual use of 30,000 tons of pesticides and hundreds of kilotons of nitrogen and other fertilizers and the mass use of hormones and artificial feeds have certainly led to highly effective agriculture with products pleasing to the eye and taste but destroying (slowly but surely) the stomach, the eyesight, and all human organs in general.

It has been officially established that the Rhine carries a million tons of poison a year. This "service" is performed by agriculture and by "big chemistry." The achievements of modern genetic engineering, pharmacology, and perfumery could result in new and unknown disasters. Last summer's news releases citing the number of seals dying that day sounded like reports from the front. It is doubtful that this species will be revived in the North Sea. The reason for the tragedy is obvious—the sewage which is poisoning all forms of life while feeding the algae that will slowly suffocate everything that still survives. The air also carries a lethal threat.

This is primarily a matter concerning military aircraft. The West German Air Force and its allies have 800 demolished planes on their accounts. In view of the population density and high concentration of production in Western Europe, each such disaster, whether it occurs

over a chemical plant or a nuclear power plant, could cause serious problems. This year again, only a miracle saved installations of this kind from falling aircraft several times.

"Who needs zero-altitude flights?" asks a leaflet of the Hannover "Greens." "While Mikhail Gorbachev is proposing more and more unilateral steps toward disarmament, NATO pilots are practicing strikes deep within enemy territory over our land. This provides more evidence of the offensive nature of NATO strategy. In the event of a military conflicts, planes are supposed to break into enemy territory as early as possible, avoid the 'field of vision' of enemy radar by flying below it, and destroy enemy aircraft while they are still on the ground. The renunciation of zero-altitude flights could become one of the confidence-building measures in the all-Europe disarmament process."

When SOVETSKAYA ROSSIYA interviewed party official Jurgen Maier, he said:

"Today the governments of the NATO countries are having increasing difficulty pursuing their arms policy. There are two reasons for this. The first is the destruction of the image of the 'Soviet enemy.' Less than a third of the population now believes in the threat from the East. Gorbachev can be given credit for this. The second is the broad anti-war movement which took shape at the beginning of the 1980's. Although it is not organizing such impressive demonstrations today as it did in the past, it is firmly ensconced in the minds of people. The Green Party, which grew out of the peace movement and is constantly campaigning for peace, can be given some of the credit for this. In spite of our opposition, however, the government is planning an increase in military spending. It will allocate more than 100 billion marks just for the development of a fighter plane for the 1990's.

"The Greens have proposed an entire list of measures and legislative initiatives to protect the population. Because the party has a faction in the Bundestag, its demands are the topic of hearings, and in view of the radio and television broadcasts of parliamentary debates, we can be certain that the arguments of the Greens and the counter-arguments of the ruling party become public knowledge immediately.

"It is true that passing laws and, especially, enforcing them will not depend only, or even largely, on the Greens. The reasons for this are clear when we look at just a few of the party's demands for the North Sea: the publication of a 'black list' of substances posing a serious threat to the environment; the amendment of the law on detergents to impose stricter limits; the institution of special financial measures to stimulate the development of ecologically clean agriculture; the accessibility of all documents connected with environmental protection to all citizens.

"Ecology," Jurgen Maier went on, "is the central point of policy today, and no party can afford to ignore it. In fact, each party is trying to prove that it is pursuing an ecologically clean policy. If you listen carefully, however, you will realize that the government parties are not ready to move from words to actions. There was a big conference on the North Sea, but few practical steps were taken, just as in all cases involving industry and its revenues.

"We will face new problems," J. Maier stressed, "after the creation of the unified internal EEC market in 1992. Chemical concerns will be able to locate their enterprises in countries and regions where economic factors will keep them from encountering any serious political opposition. This points up the need for international cooperation in the sphere of ecology. This kind of joint effort could destroy the existing system of politico-military blocs in Europe and eliminate confrontations.

Finnish CP General Secretary Visits Minsk 18070592

[Editorial report] 18070592 Minsk SOVETSKAYA BELORUSSIYA in Russian for 24 February 1989 publishes on page 2 a 100-word BELTA report on a visit to Minsk by a delegation of regional committee secretaries of the Communist Party of Finland. The delegation was headed by Helja-Maria Tammisola, general secretary of the party. The group met with S. Ye. Pavlov, chief of the ideology department of the Belorussian Communist Party Central Committee, and with officials of the Minsk Party Obkom.

Report on Italian CP Congress 18070565 Moscow PRAVDA in Russian 20 Mar 89 Second Edition p 5

[Report by PRAVDA's own correspondent and TASS: "The Italian Communists' Forum"]

[Text] Rome, 19 [Mar]—The scheduled 18th Congress of the Italian Communist Party opened here yesterday. More than 1,000 delegates representing the 1.5 million Italian communists assembled in the capital's festively decorated Palace of Sport.

More than 100 delegations of foreign communist, workers and socialist parties and national liberation movements are taking part in the congress along with the representatives of political parties and public organizations. They include the CPSU delegation headed by A. N. Yakovlev, member of the CPSU Central Committee Politburo and secretary of the CPSU Central Committee.

A. Natta, member of the PCI [Italian Communist Party] leadership, delivered the opening address at the congress.

Then PCI Secretary General A. Occhetto delivered the main report, entitled "The New PCI in Italy and in Europe—the Time Has Come for an Alternative."

If we glance over the large-scale processes which are being developed in our world and the complex and alarming dilemmas of a global nature facing our planet, he said, we will note that the possibility of mankind's annihilation cannot be disregarded. On the contrary, this topic should be the focus of attention and political activity. A current analysis of world events shows that man is faced specifically with the problem of his own salvation. All his forces should be concentrated on the achievement of this objective. The global challenges of our time require approaches on a broad scale.

A. Occhetto devoted a substantial part of his report to the problems of ensuring peace and disarmament, which he called vitally important. Definite first steps have been taken on the path toward disarmament in recent years, the PCI secretary general said. This is an exceptionally important fact which shows that the capability of changing the trend exists. In this connection, he mentioned the INF Treaty, the beginning of talks on banning chemical weapons and on conventional forces in Europe.

A. Occhetto stressed that M. S. Gorbachev had announced the USSR's unilateral initiatives in the area of disarmament in his recent address in the United Nations. It is necessary for the West to give an "appropriate and reassuring" response to them. It is essential that the new American administration not run counter to the choice made recently by the United States; on the contrary, it should reinforce it. Moreover, it should reinforce the dialogue.

The leader of the Italian communists emphasized that a return to the "cold war" would be terrible.

A dialogue and new, more constructive relationships, such as relations in the area of collaboration between East and West, between the two political, economic and social systems in our world, he stressed, are absolutely essential for the guidance of a new world, an interdependent world; this refers to a world which can be governed today only in the light of a concept based on mutual security and political thinking which seeks to overcome the logic of opposing blocs.

For this reason, A. Occhetto noted, it is especially necessary now to bring to light those stages which should lead us to the establishment of a new world order.

While we are compelled to ask ourselves today how many more decades the earth will remain a home for mankind in the event that its culture, technology, conduct, and power are not changed, this depends on the present type of development. This problem affects the

West as well as the East, and we are convinced that it affects the most backward and poor countries as well. The PCI opposes both capitalist individualism and bureaucratic collectivism.

We share the view expressed recently by M. S. Gorbachev, the speaker said: "The world economy is becoming a single organism outside of which no state can develop normally, no matter which social system it belongs to or what its economic level is.

"This puts the development of a fundamentally new mechanism for the functioning of the world economy on the agenda."

Our goal is to build a unified democratic Europe, the speaker stated further. We support a European common market, but we warn that this new European market should not be an arena for a bitter clash without rules or control, where small groups of industrialists, financiers, and politicians who are not linked by the bonds of clear-cut democratic control possess vast power and the right to make decisions. For this reason, the fundamental question concerns the political power, which should be democratic.

Our positions with respect to Europe and the prospect for its unity lead us to the conception of a European path to socialism. And in this connection we believe that we must seek to achieve greater unity of all leftist and progressive forces on the basis of a clear European choice. I believe that unification of leftist forces in the name of a democratic and reformative European alternative can be established. After we have become consolidated, this alternative in turn would also contribute to implementation and acceleration of the process of full integration of policy in the European community, with the prospect of erecting a "common European house" in the future. We have discussed this question on an international level with socialist and social democratic parties, as well as with M. S. Gorbachev. I can say that the dynamic and open idea of a process of European integration, which would contribute to the consolidation of peace and security in Europe and further development of economic and political cooperation between East and West, is widely understood.

The PCI leader stressed that we need a new approach to international problems based on the new thinking, which would no longer set off West against East and which would give new impetus to the process of democratization and development of socialism. The Italian communists hope for the success of restructuring in the Soviet Union in the interests of the Soviet peoples, in the prospects for the struggle of all forces of progress in the world and in the name of peace throughout the world. However, it would not be enough just to express hope.

The European and world forces of progress, for their part, must exert the maximum effort to promote this process of democratization and thereby contribute to the release of new energy in all the countries of Eastern Europe.

The PCI, A. Occhetto stated, seeks to develop the broadest and most meaningful dialogue and cooperation with the CPSU and other communist parties which have been part of the democratization process in countries where they are the ruling parties, as well as with the forces of renovation in other states which are struggling against the resistance of what is old, in order to clear the way for what is new in the direction of democracy and pluralism.

A. Occhetto stressed that the principles of democracy, as the path toward socialism and actions without force, just as the strategy of "strong reformism," are the basic ideas which anticipate and predetermine the "new face" of the PCI. In this connection, he noted that the overwhelming majority of delegates at the conferences of the provincial federations and sections of the party have approved of these basic directions.

Touching upon the domestic political situation, the speaker stated that the present five-party government coalition is a reflection of the crisis of the old political system. It is precisely in this connection that we state clearly that our political objective is to make an alternative possible in the country's program and government, he noted.

A. Occhetto further explained that an alternative does not mean replacing the "center of power" of the DC [Christian Democratic Party] with the same center of another party. Its objective is a reform of the state institutions, which would result in an influx of energy from the most active forces of society, as well as a reform of the political system, which would make an alternative in governing the country possible.

At the center of our program proposals, we are raising the question of extensive renovation of the state's role and functions, the speaker stated further. We have said and we continue to say, he noted, that the country needs a state which governs less and is more capable of establishing rules and guideposts.

We are proposing a strategy of reform which would lead to less bureaucracy and an increase in services, he said. In maintaining all this, we are by no means proposing an impossible return to the past, toward minimum state participation, naturally.

In reforming the state, we must take into account important new elements which have made their appearance lately and have forced us to reexamine the parameters of guarantees in the exercise of civil rights. I am referring to

the tremendous problem of unemployment and the problems associated with the liberation of women, the demographic trends which are leading to the aging of society, and the immigration phenomenon.

In further analyzing the role of the Christian Democratic Party in modern Italian society, the speaker stressed that the PCI does not oppose the DC as the Catholics' party. But the communists oppose the specific ruling system which paralyzes political and program dialectics and leads to the state's degradation.

In our preCongress document, he noted, we state that an alternative means the strategic redistribution of all progressive forces and that the division between rightists and leftists and conservatism and progress will pass through the groupings which now exist and give rise to new associations of the majority and the opposition.

More than ever, the DC is not the only party which can rightfully count on the support of all Catholics.

As far as we are concerned, we fervently hope it is possible with a mutual division of roles to collaborate with the church and Catholic organizations more intensively on the major problems of mutual interest and to collaborate in maintaining the logic of solidarity against the many and powerful attempts at alienation and against the violence which is present in our society.

And as far as relations with the Italian Socialist Party are concerned, the PCI secretary general continued, all our recent policy has been based on the need to promote broader and more consistent unity in the interests of reforms. We have not chosen to base the goals of our struggle on stirring up differences between us and the socialists. Our approach to relations with the PSI [Socialist Party] has always been politically open and aimed at unity. We have always given a great deal of attention to any element leading to unity with the PSI on questions of implementing reforms.

The responses coming from the socialists to our initiative in the direction of unity have been indecisive and contradictory. However, we are continuing to persist. The only thing that is necessary is to carry out important work for unity and regeneration of the forces which support the reforms. And the only way to do this is to proceed to a definition of the seriousness of program commitments.

It is important for us to define the goals of peace and cooperation together with others. As far as we are concerned, the fact that we have been speaking in the same language with both M. S. Gorbachev and W. Brandt is important.

Several months ago we were portrayed as a party in decline, going through deep internal dissension and humiliated by election defeats. And suddenly now we supposedly consider ourselves "the center of the earth."

The truth is simpler. We do not consider ourselves "the center of the earth," but we do not consider ourselves humiliated and divided, either. We are working with confidence and the boldness necessary for a new upsurge.

Naturally, we are moved by just ambitions: chiefly, to play a positive role in cooperation with all forces of renovation and reform in the East as well as the West. We will also proceed farther on the path of unity among all the forces that support reform. And it is precisely this prospect that we will present for the judgment of the citizens and public opinion. The keys to an alternative are not in the hands of one party or another, A. Occhetto stressed. They are in the hands of the voters, and we ask them to make use of these keys in a serious and responsible manner.

We are on the threshold of an important vote, the speaker continued, referring to the forthcoming elections in the European Parliament. We urge and will continue to urge support for reform of the political system, support for the alternative.

The speaker noted that the PCI's political initiative in recent months has been aimed at bringing the question of rights and specific initiatives to the forefront and at creating a new charter of rights by political and parliamentary activity. This involves the great unutilized creative force of the party which is the focus of attention from the person and the citizen. Defense of rights and freedoms is thus becoming an effective weapon in the struggle and reflects the political course aimed at bringing about a real alternative. The workers movement and the entire world of labor has a special place in this struggle. The PCI seeks to have every worker feel that he is the master in his work place, and it has become the spokesman for the new ideas which guide the working class in its activity.

As the focus of their political outlook, the Italian communists raise the question of reducing the work day as one of the steps toward an overall reform of production, which has been called upon to change the nature of labor itself and to put an end to unemployment.

It is precisely for this reason that the communists advocate a new relationship between rights and responsibilities and a new status for workers' rights. And all this is done in the name of achieving new unity in the world of labor.

In following this direction, the Italian communists are moved by the desire to increase the role and importance of trade unions. Realizing that their autonomy and democracy are following a parallel course, they intend to build relationships with all trade union associations on this basis.

In past years, A. Occhetto pointed out, attempts were made to prove that the PCI was no longer needed. Today workers and employees, even if they are not members of the party, have become convinced from their own experience what a weakening of the PCI means for them.

It should be clear and understood, he said, that the effort to conceal the importance and role of the PCI is a political option that is quite specific, and it is aimed at removing an alternative bearer of values, ideas, and public interests from the political arena.

The PCI secretary general suggested the establishment of a so-called "shadow government" which would include not only the party's leaders and representatives of the intelligentsia and specialists who are PCI members, but independents as well. This is one of the signals that indicate how we want to build the new PCI, he said.

In this way, A. Occhetto noted in conclusion, we want to bring life to a truly reformative and up-to-date party which advocates a democratic alternative for Italy and Europe. This involves an open party that is capable of continually supporting political initiatives. A party of the masses which has its own opinion, and which more and more belongs to the young people.

A general discussion began at the end of the address.

8936

**Importance of Gibraltar Base for NATO,
Spanish-UK Dispute Viewed**
*18070519 Moscow SOVETSKAYA ROSSIYA in
Russian 12 Feb 89 p 5*

[Article by V. Gorkayev (Madrid): "The Gibraltar Knot; Spanish-English Talks Come to an End"; first paragraph is SOVETSKAYA ROSSIYA introduction]

[Text] The results of the latest round of Spanish-English talks on the Gibraltar issue, which just came to an end, could have been read about in Spanish newspapers back in...December 1987. Reports on the previous round of talks are amazingly similar to current ones. Besides this, there are also similarities in the results of the talks—almost no progress whatsoever—and in the arguments of the sides—the Spanish continue to insist on the territorial integrity of the colony while the English counter this with the reluctance of the population of Gibraltar to become part of Spain. The only colony in Europe has been one for 283 years now, enough time for the creation of a special community—the Gibraltarians. This is difficult to ignore, even though the anachronism of the situation is particularly obvious now that Great Britain and Spain are partners in NATO and the EEC.

It does not take a military expert to recognize the colossal strategic importance of the small peninsula in southern Spain, near the Strait of Gibraltar, which separates Algeciras Bay from the Mediterranean and

ends in an imposing rock. The rock is small in area, only 580 hectares, but its height of 425 meters makes it a huge natural fortress. This is what the English seized in 1704. The small town of Gibraltar with 30,000 inhabitants is situated right next to the rock. Around 20,000 of its inhabitants are Spanish, 8,000 are English, and the rest are mainly from Africa.

One Spanish journalist called the rock "an artilleryman's dream come true." From here it is possible to fire in all four directions, so to speak. The Strait of Gibraltar is visible even to the naked eye, and guns can cover the entire territory all the way to the African coastline. But the fortress is equipped with more than just guns. The English military base also has the latest antiship missiles, antiaircraft missiles, and state-of-the-art satellite communication systems. The English have installed special submarine monitoring equipment at the bottom of the strait. There are also combat planes and ships here. Food, weapons, and spare parts are stored in numerous tunnels in the rock. The garrison is manned by around 2,000 personnel.

Many people believe that there are also some nuclear weapons here. The English have not confirmed this, but they have not denied it either. In view of the fact that NATO's southern command is also located on this base, we can assume that there is more at stake here than English interests.

The attempts of the Spanish to take back their territory by military means in the last century and by means of negotiation later were unproductive. And although there is a UN resolution asking Madrid and London to settle the matter of eliminating Gibraltar's colonial status, which probably presupposes the return of the territory to Spain, in 1969 Great Britain unilaterally granted the colony "self-governing status." This is how Gibraltar acquired its own parliament (with 18 members), although the English governor is still the supreme authority. The Spanish responded by closing their border with Gibraltar and cutting off telephone and other lines of communication. They now realize that this was a mistake. It only alienated the Gibraltarians and complicated the resolution of the problem. Many of Gibraltar's inhabitants still regard Spain as a potential aggressor.

In 1985 the border had to be opened, first for pedestrians and then for vehicles. Spain's efforts to develop comprehensive relations with Gibraltar are motivated by more than just economic considerations; Spain already ranks second in deliveries of food to Gibraltar. Spain's strategy for the return of the colony also includes measures to win the trust of the Gibraltarians. At this time, according to polls, fewer than 1 percent of the inhabitants of the colony want Spanish citizenship. It is interesting that even London has made statements in support of this, apparently in the certainty that this is an unattainable goal, but even if the development of relations in all areas should create a climate of trust, this does not mean that the Gibraltarians will want to be part of Spain. Their

work and their well-being are connected in one way or another with the English military base, and this will continue to affect their behavior in the future. They are willing, however, to develop a relationship with the Spanish.

"We will accept anything convenient for us, but if something is inconvenient, they should not waste their time." Prime Minister Joe Bossano of Gibraltar has been extremely frank. Relations with Spain mean nothing more to him than contacts with any other country. Therefore, the Spanish will have to work long and hard to convince the Gibraltarians of the advantages of annexation.

A second possibility is connected with the tactic of exerting pressure on Great Britain through the EEC or through NATO, to which both countries belong. Although all of the Spanish political parties represented in the European Parliament take the same stand on Gibraltar, the issue has not been raised yet, perhaps because the discussion of one of the specific problems connected with Gibraltar entailed so much difficulty.

The idea of the so-called liberalization of passenger air traffic was conceived in Western Europe. If airlines are granted the right to choose airports in other countries freely, this should increase the number of passengers substantially, lower the cost of tickets, and raise company profits. The matter was discussed at length in the EEC and the appropriate decisions were then made, because this seemed to be convenient for everyone concerned. It has been more than a year since then, however, and the liberalization of traffic has not been possible. The airport in Gibraltar is the problem. Of course, it is used primarily for military purposes, but it is also used by civilian aircraft. It was built by the English in 1937, when the civil war was going on in Spain, on a neutral strip dividing the English colony from Spain. Spain naturally does not want an airport on neutral ground to produce income for only one side. Without Spain's signature, the system for the liberalization of air travel in the EEC as a whole cannot begin working.

Under pressure from other members of the community, Great Britain had to conclude an agreement with Spain on the joint use of the Gibraltar airport. Therefore, the tactic of exerting pressure on England through the EEC was effective at first, but then the Gibraltarians started impeding the process. It is true that during the latest round of talks in London the Spanish foreign minister was assured that the English side would exert pressure on Prime Minister Joe Bossano of Gibraltar and that the agreement would finally go into effect. No one said how this would be done, but Joe Bossano announced immediately after the talks that he would not change his mind.

Norwegian-Soviet Space Cooperation 18070231

[Editorial Report] Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian on 16 April 1989 publishes on page 3 a TASS notice from Oslo reporting the regular

round of Soviet-Norwegian consultations on cooperation in space research. In the course of the round the parties signed a document setting forth plans for the future activities of both parties in this field. Participants expressed an interest in conducting joint scientific work on problems of astrophysics, space biology and medicine, and a study of the upper layers of the atmosphere, including the ozone layer. They discussed the possibilities of utilizing Soviet space "apparatuses," as well as ground observation centers located in both countries.

Obstacles to Increasing British-Soviet Trade 18070590 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 30 Mar 89 p 3

[Article by M. Bogdanov, candidate in historical sciences: "Words Are Cheap, Actions Dear"]

[Text] In recent years there have been some very promising shifts in Soviet-British relations.

We must give credit to the government of M. Thatcher for this. Having felt the winds of change in the USSR, it was one of the first to turn toward a constructive dialogue with the new Soviet leadership. We too are now watching more carefully and objectively to see what is going on in the British Isles. Instead of the customary cliches on the topic of "the lost might of imperial Britain", we are gaining an understanding of the important role which this country plays in the current world.

Great Britain is an active participant in the construction of the "United States" of Europe. It is a state with great productive potential, one of the leading exporters of products in general machine building, electrotechnical equipment, many types of transport means, chemical goods, and textile goods.

London is a large financial center in which almost half of the European currency and European dollar aktivs are concentrated, and where tens of foreign brokerage firms make up to 70,000 deals each year. The largest commodity markets are located here: for cotton, tea, sugar, grain products, coffee, cocoa, wool, rubber, ferrous metals and gold, and up to 90 percent of all the diamonds mined in the capitalist world are sold here.

Finally, there is one other important circumstance which we did not notice in the years of stagnation (or purposely ignored). In the last decade, England, having undergone a painful economic restructuring, has taken a leading position in Western Europe and become one of the "co-authors" of the new stage in the scientific-technical revolution, and is currently demonstrating the highest growth rate in gross national product on the European continent due to its leading sectors. Serious structural changes have perhaps not made themselves known in their full measure, but already in the near future will be positively expressed in the ability of British goods to compete on the world market.

All this, together with the richest experience and high authority of the British business circles, makes England an extremely attractive partner for the Soviet Union and the other socialist countries.

It is true that its foreign trade has traditionally been oriented toward other regions. The USSR, for example, is only in 22nd place among this country's trade partners, and accounts for only 0.6 percent of British trade. Yet the history of Soviet-British economic ties also knows impressive "breakthroughs". Thus, in 1932, at the height of the world economic crisis, the Soviet Union bought from England 80 percent of all the machine tools which it exported. In the 60's the USSR was among the leading buyers of equipment for the chemical industry. In the late 60's Great Britain firmly occupied the position of our country's number one trade partner.

A compact, but at the same time influential group of industrial companies was formed which were interested in strengthening their positions on the Soviet market. Among them were the world famous concerns "ICI", "Davey International", "Rolls Royce", "Simon Carves" and others. In recent years, as the political climate has improved, medium-sized and small companies are ever more confidently entering the sphere of business cooperation with the USSR. Contacts have been rejuvenated along the line of the East European Trade Council of Great Britain, the British-Soviet Chamber of Commerce, and other interested organizations. Eight British banks opened up branches in Moscow.

Yet what keeps us from realizing this impressive potential in full measure?

Up until quite recently we exhibited a tendency to almost entirely place the blame for failures in Soviet-British economic relations on the British side. Emphasis was placed on the negative effect of the system of export control ("COCOM lists"), London's political course in inhibiting trade, and the high cost of British products as compared with that offered by the FRG or Finland.

All this was undoubtedly so. Moreover, it is not quite clear why the government of Great Britain up until recently shied away from supporting its country's companies who wanted to expand cooperation with the Soviet Union in implementing joint projects on the markets of third countries. Or why London expressed no particular interest in the proposals associated with stepping up cooperation in the so-called "non-traditional spheres" (services on enriching uranium and rare earth elements, application of Soviet space and aviation technology on a commercial basis, etc.).

Yet can we honestly say that we, for our part, did everything that depended on us in the way of developing mutually beneficial ties?

Here is an example. Of the around 300 joint enterprises which currently exist, less than 10 were created with the participation of British companies. Moreover, practically all the proposals, including those which at the current moment are still being worked out (there are around 40 of them) have come from the British side. We get the impression that our ministries merely react to that which is of interest to the British, and weakly seek forms of cooperation in those sectors which are most important for the Soviet economy.

Cooperation with the British agro-industrial complexes is not proceeding dynamically enough. This is despite the numerous visits to England by representative groups of Soviet specialists. Yet we can learn much from the British. An entire series of projects, if they were brought to life in a timely manner, could already be bringing results in agriculture, livestock raising, and food storage and processing.

The scientific-technical achievements of the British are indisputable. Yet here too we are showing inertness and underestimating the rich experience of British specialists. I will allow myself one more illustration. The builders of the dam on the Thames—a most unique hydrotechnical structure which protects London against flooding—told me how in the early 80's, hosting a delegation from Lengorispolkom, they warned their guests about the potential danger to the ecology of the Gulf of Finland from miscalculations in the Leningrad dam project. The Leningraders did not listen at that time... However, time has proven that the British specialists were right.

The work of the mixed Soviet-British joint stock companies in Great Britain requires significant improvement. As yet, they do not make a significant enough contribution to the development of the export-import operations.

Finally, there is the problem of the structure of Soviet exports on the British market. Unfortunately, as yet we have little to offer other than traditional raw material goods.

Yet no matter how complex the problems may be, it is not they which today determine Soviet-British business cooperation, which has entered a period of upswing. Both parties have firmly announced their interest in achieving tangible progress.

If we speak of Soviet enterprises, they are primarily interested in obtaining equipment for the textile and leather processing industry from Great Britain, as well as equipment for processing and packing food products. Cooperation in the matter of organizing the integrated production of processing and sale of goods based on the principle of "field to market" also deserves attention. All this, naturally, is under the condition of marketability of the products of British companies.

Sometimes it is difficult to come to agreement on positions with British businessmen. Being practical people, they (like their colleagues from other Western countries, we might add) are in no hurry to invest funds into large-scale projects if they have even a shadow of a doubt about their success. This leads to close attention to the slightest details of the activity of joint enterprises. This also leads to the desire to be sure of the irreversibility of the changes taking place in our country, as well as the concern for the low level of economic culture of many Soviet managers whom they have occasion to meet.

Yet if an agreement has been reached, the British successively and honestly fulfill the responsibilities which they have assumed. That is how it was in 1982, when the M. Thatcher government refused to follow the lead of the U.S. administration, which tried to impose upon its allies the ban on deliveries of equipment to the USSR according to the "gas—pipes" agreement.

Englishmen like to say: "Words are cheap, but actions—dear". Soviet-British business cooperation will retain its progressive development if it is based on specific, practical agreements and matters which have a mutually beneficial character, and not on declarations of good intentions, no matter how important they may be in themselves.

West European Officials Interviewed on Environmental Problems

Norwegian Prime Minister

18070587 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 2 Apr 89 p 3

[Interview with Gro Harlem Brundtland, prime minister of Norway, by M. Butkov, SOTSIALISTICHESKAYA INDUSTRIYA correspondent, in Oslo: "This Is no Time for Inaction"; passages in boldface as published]

[Text] Few heads of state have the international renown of Norwegian Prime Minister Gro Harlem Brundtland, leader of the Norwegian Labor Party and vice president of the Socialist International. Her charm, confidence, enthusiasm, and competence have made her a genuine national symbol and acknowledged leader of her people. The Norwegians refer to her quite simply and affectionately as Gro. Gro, the mother of four and a young grandmother, is a physician by education and a politician by vocation.

Gro's commitment to a just international economic order, her belief in the protection of nature and our planet's resources, and her selfless work in this area motivated the UN secretary general to invite her to serve as chairman of the International Commission on the Environment and Development in 1983. In this capacity, she was asked to answer some questions by SOTSIALISTICHESKAYA INDUSTRIYA correspondent M. Butkov.

[Butkov] At the 43d session of the UN General Assembly the Soviet Union submitted several proposals with the aim of more vigorous activity by the international community in the area of environmental protection. In particular, it proposed the discussion of the possibility of establishing an ecological council to make constructive decisions on the guarantee of ecological safety and to hold three special UN-sponsored meetings for the coordination of efforts in this area. What do you think of this idea and what do you think should be done so that the United Nations can become an active and effective instrument of environmental protection?

[Brundtland] Problems connected with the environment and development have rightfully occupied a prominent place on the international political agenda. The last session of the UN General Assembly was no exception, and the Soviet Union contributed much to this. We were intrigued by General Secretary Gorbachev's proposal on the creation of a UN ecological first aid center and Foreign Minister Shevardnadze's proposal, which you mentioned in your question. We want to know more about what the Soviet side plans to do in line with these proposals. After we have received this information, we will study it carefully and make our decision. The most important specific results of the last session of the UN General Assembly in the sphere of environmental protection, in our opinion, were the resolution on the international convention on the protection of the climate and the resolution on a UN-sponsored world conference on environment and development in 1992. These resolutions, which were supported in their entirety by the Soviet Union and by Norway, prove that the United Nations is an effective instrument in matters of ecology when its members are in agreement; but the United Nations can and should be even more effective. Major ecological problems can only be solved through more committed international cooperation. This requires strong international organizations, and the United Nations is the most important of these. The decisive factor here is the greater political will of member countries for cooperation and for the effective and committed use of the United Nations. The UN secretary general is also playing a decisive role by taking the initiative and striving for the better coordination of efforts in this field by various UN organizations.

In this context, I would like to remind you that we in Norway suggested a UN-sponsored North-South summit meeting to provide momentum for a struggle against poverty and environmental pollution.

[Butkov] One of the recommendations of the international commission you head says "think globally but act locally." What is your personal interpretation of this recommendation and what action is being taken on it in Norway?

[Brundtland] The point is that in addition to taking an active part in planning ways of protecting the environment and securing stable development on the international scale, we must see the connection between what

happens on the national and international levels. The result will be a combination of small and large steps, and each of them is important.

We must view our actions from the global standpoint because what happens in one country is more and more likely to affect the possibilities for environmental protection and development in other countries.

Measures taken on the national and local levels are of decisive importance in carrying out decisions made on the international level. In Norway we are conducting complete and comprehensive investigations of our policies and actions in such areas as industry, power engineering, transportation, agriculture, and so forth. Our goal is to align our policy as closely as possible with the recommendations of the commission (on the environment and development—Ed.). Even in a country like Norway, where there have been relatively great advances in ecology, this is a long and expensive process, but for our own sake and for the sake of others, we cannot afford to do nothing.

[Butkov] During Chairman N.I. Ryzhkov of the USSR Council of Ministers' official trip to Norway in January last year, an agreement was signed on cooperation by the two countries in environmental protection. The first session of a joint commission was held in Oslo to plan several specific areas of ecological cooperation. What are your thoughts on the future interaction of our countries in the resolution of ecological problems with a direct effect on the interests of the Soviet Union and Norway? Soviet readers would also be interested in your opinion of the prospects for international cooperation in the protection of nature in the Arctic and the north.

[Brundtland] The Norwegian Government is worried that the special climatic and geographic conditions in the north and the Arctic zone are making the environment in these regions too vulnerable. In line with this, we appreciate any measures to promote the prevention of pollution and the disruption of the ecological balance.

This is particularly true of international cooperation because, as we know, boundaries do not exist as far as many problems are concerned. The legal base, founded on treaties, already exists. Multilateral agreements include the protocols on sulfur dioxide and nitric oxide emissions, which are being enforced by an international agency. They also include the Paris and Oslo conventions on the prevention of maritime pollution and the convention signed in Bonn on the protection of endangered species of animals and plants. The main thing now is to get as many states as possible to sign and observe these agreements. For this reason, the Soviet Union's participation in the conventions to which it is not yet a party would also be desirable.

As far as bilateral agreements are concerned, we in Norway attach great importance to the recently signed agreement on cooperation between Norway and the Soviet Union. The first session of the joint commission last August laid a sound foundation for active joint effort.

In addition to underscoring the importance of international cooperation in environmental protection, the Norwegians also believe that ecological problems should be investigated in connection with the intelligent use of resources. This could be regulated by levying reasonable taxes based on scientific recommendations. I would like to stress that Norway and the Soviet Union are doing excellent work together in many fields, especially in the protection of fish resources.

French Environmental Secretary

18070587 Moscow IZVESTIYA in Russian 1 Apr 89
Morning Edition p 5

[Article by Yu. Kovalenko, IZVESTIYA correspondent (Paris): "Brice Lalonde: We Will Protect the Planet Together"; passages in boldface as published]

[Text] Brice Lalonde, France's secretary of state of the environment and long-time leader of the Green movement, wants to turn his country into the "ecological showcase" of Western Europe. Despite all difficulties, he says, the situation is gradually improving, but because the most serious problems are of a global nature, they can only be solved through international cooperation, the secretary of state believes.

The environment here has been seriously damaged: Water pollution poses a serious threat, industrial enterprises are poisoning the air of big cities, many picturesque spots in the country have disappeared forever, and its forests, animals, and plants have suffered. France was one of the first Western states, however, to realize the magnitude of the imminent disaster and to begin taking specific measures to protect the environment. Ecology has become one of the top priorities of government activity. Furthermore, the government is striving to take a global approach to problems and to act on two levels—national and international.

"Our generation," Brice Lalonde told me, "still has to learn how to take care of the planet together." This is precisely why Paris attaches great significance to the unification of the efforts of the international community and advocates the establishment of an international organization with the most extensive powers to settle ecological issues.

On the initiative of France and other Western states, a conference was recently held in The Hague on ecological problems. In particular, the need to protect the ozone layer of the atmosphere was discussed. An impressive international symposium on "Atmosphere and Climate"

was held in the French National Assembly. Finally, environmental problems will be one of the main topics of the talks by M.S. Gorbachev and F. Mitterand in Paris at the beginning of July 1989.

"When the president of France went to Moscow last year," B. Lalonde told me, "the two sides advocated cooperation by our two countries in this sphere. In my opinion, it could develop on two levels. First of all, it could entail joint efforts to solve planetary problems. I am pleased that Soviet diplomacy has taken a serious interest in them and has assigned as much priority to them as to disarmament.

"We are naturally pleased by this. The second level would entail efforts to solve problems facing our two countries, particularly those connected with the 'management' of the environment and the use of natural resources. We are quite interested in specific areas of cooperation—water and water resources, nuclear power plant safety, and the preservation of some species of animals. We have much to learn from one another. In France, for example, a special agency has been set up to look into the problems of all rivers and other bodies of water, and this has been extremely effective. I should add that environmental protection is closely related to space research, as a result of which we have been able to look at the earth from above and understand many problems, particularly the ozone layer.

"The Soviet leader's proposal on the creation of a UN ecological first aid center to send international groups of experts to zones of serious ecological deterioration seems exceptionally important to me. I feel that we need to establish a strong international organization to deal with environmental issues, something like the Security Council. This kind of initiative would certainly become the topic of extensive international discussion, force the leaders of all states to consider the matter and, I hope, lead to the creation of this kind of body.

"Finally, I would like to say that the European Economic Community is working out a common policy on environmental protection which will transcend the bounds of simple cooperation and will become supra-national and all-European. This is a complicated process. The different nationalities in Europe have different traditions, but this will be a matter of working out common rules, standards, and laws to regulate all ecological affairs. Gradually, however, we are making advances, and the establishment of the unified internal market of the 12 EEC countries by the end of 1992 also envisages the elaboration of a global policy on environmental protection.

"Will this common policy have anything to do with nuclear power plants? I do not know. Today these plants produce 65-70 percent of the electrical power in France. Of course, they are high-risk installations and could pose a serious threat in the event of an accident. They also present another problem—the disposal of radioactive

waste. This is why they have to be kept under the closest supervision. Of course, we are not 100-percent insured against various accidents. When I headed the Greens, I fought against nuclear power plants myself for a long time, but we were unable to win the battle at that time. We also realize, however, that we derive great benefit from the nuclear power plants and that they have perceptible advantages over power plants operating on coal and do not emit harmful smoke into the atmosphere. Our main concern is their safety. France has accumulated a wealth of experience in the use of the peaceful atom and I hope we will be able to continue improving the nuclear plants. In 10 years there have been no accidents in our plants, and because of this our population has retained a sense of security—and will feel secure as long as nothing happens. The coals of uneasiness, however, are smoldering, and the slightest draft could cause them to flare up in flames of protest."

To what extent can we change nature and use its resources? How can man coexist harmoniously with the environment? Is mankind threatened by an ecological disaster? Lalonde felt that it would be difficult to answer any of these questions unequivocally.

"I think man can change the environment," he said, "because it is not anything like a 'sacred cow.' But we did not know until a comparatively short time ago that there was any such thing as ecology—the science of maintaining a balance in nature. We learned, for example, that nature itself can process the waste created by human activity when people do not process it sufficiently themselves. We are learning about nature and learning from it. It can be changed but the ecological balance must not be disrupted. The degree to which man is allowed to actively interfere with the environment depends on the observance of these two conditions. As far as ecological disaster is concerned, there is no question that some countries and regions are threatened by it. I am quite disturbed by the situation in Africa, where the deserts are growing larger, the forests are disappearing, and the water is becoming increasingly polluted. I am also seriously worried about the viability of the planet, particularly in connection with the destruction of the ozone layer and the rise in temperature. Steps must be taken immediately by the entire international community, but many politicians still believe that they can confine their efforts to national boundaries.

"All ecological issues in France are the concern of the state secretariat of the environment, which is under the direct jurisdiction of the prime minister. This was done so that all members of the government would always be aware of ecological problems and would avoid making decisions with negative implications for the environment.

"In the 10 months I have been in office, measures have been taken to protect the air from pollution, especially by motor vehicles, industrial enterprises, and thermal power plants. We plan to reduce emissions of nitric

oxide pollutants into the atmosphere by 30 percent. We have ratified the Montreal protocol, which will obligate us to reduce the production and use of gases endangering the ozone layer by 50 percent. All of these measures will force our industry to use new technology for the fulfillment of our international obligations.

"When an enterprise in France pollutes the environment, it is put on trial and the court decides whether it has to pay a fine and compensate for the damages it has caused. The state secretariat also guards against pollution by plants by ensuring that they install purification equipment, keep pipes in good repair, etc. It also exercises control over all enterprises with the aid of the prefects representing the authorities in departments and issues orders for the completion of certain necessary projects by specific dates.

"Sometimes I have to become personally involved in court cases when fines are too low or when the courts are not strict enough. Sometimes I have to remind the minister of justice that judges must never forget that those who pollute the environment are real offenders and should be prosecuted by law as such. Of course, the authorities can also close a plant, but this is rarely done.

"We not only take public opinion into account when we make decisions on ecological matters but also strive to always keep the public informed of our work. I am convinced that environmental protection is the job of each citizen, and not only of the government. Parents and schools must instill a love of nature and a sense of responsibility in children. This is why I try to use the news media to inform public opinion and the different associations and committees assisting us. In France it is extremely rare for an enterprise to be built against the wishes of the public. There are such cases, however, and if it is a project of national significance it is usually possible to reach some kind of compromise."

Lalonde regards his appointment as secretary of state of the environment as a victory for the entire Green movement. It is an indication that public opinion is becoming more powerful and is influencing government policy. Some problems, in his words, are so urgent that it is better to participate in government than to remain outside it.

"We and the Greens have common goals," he said, "but there are still some differences between us. I represent a government agency, and the authorities are conducting a policy which has to take more than just the protection of the environment into consideration. They must think about the development of industry, employment, and social welfare. What I want to say is that different interests come into conflict on the governmental level, and it acts as an arbiter when it makes decisions. The Greens represent the interests of a specific group, and they became a political party long ago, but there are also many other ecological movements we are assisting. We are on the same side, even if we might have different points of view on various issues. In general, the Greens play an important role. They were responsible for France's environmental policy and for the birth of our state secretariat."

My conversation with Brice Lalonde took place just before the municipal elections in which the Greens were quite successful, winning more than 10 percent of the votes in many cities for the first time and gaining seats in many municipal councils. Although they concentrate exclusively on ecological problems, they have become a real political force which has to be acknowledged by the authorities and the opposition.

France, environmentalist leader Antoine Bechter recently said, must get rid of its nuclear weapons and should stop the nuclear steps on Mururua atoll as the first step along this road. The results of the last municipal elections, in which the Greens were supported by three times as many French voters as in the preceding elections in 1983, testify that their opinions can no longer be ignored and that the French are genuinely disturbed by environmental problems.

Trade Representative in CSSR on 'Unfavorable Tendencies' in Bilateral Trade

18070527 Moscow TRUD in Russian 17 Feb 89 p 3

[Interview by TRUD correspondent N. Shevtsov with P. F. Piskoppel, USSR trade representative to the CSSR: "USSR-CSSR: What Hinders Our Trade"; first two paragraphs are TRUD introduction]

[Text] Reports have appeared in the Czechoslovak press regarding unfavorable tendencies in bilateral trade relations with the Soviet Union. Thus, according to the report of the Bratislava newspaper PRAVDA, the deficit in the USSR balance of payments in trade with Czechoslovakia this year, as expected, will increase from 806 million rubles to 1.4-1.5 billion.

In his conversation with TRUD correspondent N. Shevtsov, R. F. PISKOPPEL, USSR trade representative to the CSSR, discusses the situation in Soviet-Czechoslovak trade, the problems associated with it, and its prospects.

[Correspondent] Roald Ferdinandovich, how extensive are our bilateral ties?

[Piskoppel] For about a decade now, Czechoslovakia has been our second largest trade partner.

As we know, Czechoslovakia has historically developed a great machine building potential. Therefore, machine building products, as well as products of the chemical industry and consumer goods comprise the main portion of Czechoslovak exports to the Soviet Union. For our part, we have been supplying primarily raw materials to Czechoslovakia for the entire post-war period.

Thanks to Soviet deliveries, Czechoslovakia is currently satisfying 100 percent of its import demands for natural gas, pig iron, and nitrogen fertilizers; 98 percent of its demands for oil; 86 percent of its demands for iron-containing raw materials; 65 percent of its demands for rock coal, and 61 percent of its demands for cotton. Soviet deliveries of nonferrous metals, ferro alloys, manganese and chromium ores, etc. are also very important to the CSSR economy.

Of course, the structure of mutual trade which has been formulated does not fully correspond to the economic capacities of our country, which is second in the world after the USA in machine building. However, machines and equipment comprise only 10 percent of Soviet exports to the CSSR.

On the whole, the deliveries are regular, without disruptions.

[Correspondent] Yet how can you comment on the report of the sharp reduction in trade between our countries?

[Piskoppel] I will begin with the fact that the above-described structure of trade is extremely vulnerable. It is easily affected by changes in market conditions and price fluctuations on the world market. While the prices on machine building products on the whole are not subject to serious fluctuation, the situation is entirely different with prices on raw materials, which are constantly influenced not only by economic, but also by political factors.

When about 15 years ago the world prices on oil increased sharply in connection with the exacerbation of the Near East crisis, we were able to retain the balance of our trade. Together with the Czechoslovakian side, we sought out possibilities for additional purchases of goods to the CSSR. Also, a 5-year sliding scale for determining prices was established, including prices for oil, i.e., its cost rose gradually. This was also beneficial to our Czechoslovak partner.

However, today the picture has changed drastically. The drop in oil prices on the world market which began back in 1982 ultimately led to a disruption in our trade balance. Such a situation was created that, in fulfilling its obligations, the Soviet Union continued to supply raw materials in the former volume, but their cost had significantly decreased.

In the early 80's, the USSR trade representatives to the CSSR submitted to the USSR Gosplan [State Planning Committee] the question of taking into consideration the changing market conditions and the possibility of the drop in world oil prices through mutual coordination of the national economic plans and compilation of long-term trade agreements. Moreover, it was suggested that a definite financial reserve be created in trade with the CSSR, which would be used in the case of a drop in prices on raw materials. But then, unfortunately, the Gosplan did not listen to our proposals. As a result, already during the coordination of the national economic plans for the 5-year plan (1986-1990), it became clear that our trade would not be balanced.

All this determined the fact that in 1988 we suffered a deficit in our trade with the CSSR. However, the reduction in commodity turnover as compared with 1987 which was reported by the Czechoslovakian newspapers did not occur. It remained at the former level. We may speak only of a reduction in mutual trade as compared with that which was outlined in the coordination of the five-year plans and in the development of a long-term agreement between our countries for the current five-year plan.

I would like to repeat once again that the natural volume of Soviet exports to the CSSR will be the same as has been planned. However, due to the drop in world oil prices, the earnings from it have declined. In other words, the Czechoslovak side will buy the same amount of raw materials from us for less money.

[Correspondent] What should we do to balance mutual trade?

[Piskoppel] We have to seek and to think. We cannot cover our deficit by increasing the already sizeable deliveries of raw materials which are in short supply. As yet we have not been able to significantly increase the export of machines and equipment from the USSR to the CSSR. Under these conditions we hear proposals to significantly reduce the import of Czechoslovak goods, and specifically machines and equipment. It is doubtful that this can be a way out of the situation which has been created.

Evidently, we should follow the path of stepping up new forms of cooperation—expanding direct ties and cooperation of production between Soviet and Czechoslovak enterprises. Yet there are still numerous difficulties and unresolved questions which inhibit this process. We are speaking specifically of price and legal obstacles. The need for improving the quality and technical level of export goods is also a significant factor.

As a result of a comprehensive analysis of the Czechoslovak market, the trade delegation has presented lists of machines and equipment for a total sum of 1.2 billion rubles which Czechoslovakia would happily buy from us. Among them are integral microchips, metal-cutting and wood processing machine tools, forge-press equipment, bulldozers and excavators, VAZ and "Volga" passenger automobiles, railroad shipping containers, etc. However, we were not able to seek out these goods in the Soviet Union...

[Correspondent] Yet with the changeover to self-financing, our enterprises can themselves dispose of their own products as they see fit, including machines and equipment?

[Piskoppel] Yes, of course. Theoretically this is so, but in practice they are still not interested enough in selling their products to the socialist countries, including also to Czechoslovakia. It is one thing to trade for convertible currency, and another—for transfer rubles, which are the unit of accounting. Our enterprises do not have to worry about where to get foreign equipment, since the Gosplan plans its distribution ahead of time, and for standard rubles. Thus, the Soviet recipients are not tied down by some obligation to create their own means of payment for imports. At the same time, a situation has arisen whereby, having funds in transfer rubles, an enterprise cannot buy anything for them, since the Czechoslovak suppliers need not accounting units in exchange for their products, but rather specific goods.

[Correspondent] How is the intergovernmental agreement on the application of national currencies in accounting which was signed a year ago "working" within the framework of the direct ties between the associations, enterprises, and organizations of the CSSR and USSR, as well as in the creation and operation of joint enterprises?

[Piskoppel] On the whole, it is justifying itself. However, since the number of participants in the foreign economic ties must increase, and consequently cause a growth in the volume of trade operations, in our opinion it would be expedient for the organizations which do not specialize in foreign trade activity to keep mutual accounts under conditions of bank guarantees or letters of credit.

[Correspondent] Summarizing what has been said, what are the first priority problems?

[Piskoppel] The primary task consists of interesting the enterprises in acquiring and selling their products on the foreign market. The products purchased through import must be distributed among the Soviet buyers with payment in the same currency which the state pays for it. Then the enterprises would become more actively involved in foreign trade activity, which is based on the following principle: The more you sell, the more you will be able to buy. An important role in this must belong to the wholesale trade fairs staged over contracts and orders, and the establishment of direct ties between the enterprises manufacturing the products as well as the trade organizations and stores. For now, the commodity exchange between the largest Czechoslovak and Soviet department stores is equal to about 8 million rubles, while the overall volume of trade in consumer goods comprises 1 billion 200 million rubles!

We must also remember that the existing regulations prohibit Czechoslovak enterprises from trading in finished products without the permission of the appropriate foreign trade organization. Effective 1 April of this year, our [enterprises] will receive the right to enter the market of the socialist countries, including Czechoslovakia, with their goods. I can say that the trade delegation and the Czechoslovak-Soviet Trade Palace are ready to help them in their search for a trade partner and in obtaining the necessary equipment, and this applies primarily to those enterprises who themselves have something to offer to the Czechoslovak market.

Border Crossings Between Ukraine, Hungary Eased
18070622 Kiev PRAVDA UKRAINY in Russian 11 Mar 89 p 4

[Article by PRAVDA UKRAINY correspondent A. Kuzma: "The Details for PRAVDA UKRAINY": "Crossing the Border Without Fuss"]

[Excerpts] Transcarpathian Oblast—

The border guards at the Soviet-Hungarian border always had a lot to do, because there are strong business ties between the border regions of the fraternal countries, as

well as simply family and friendship ties between individuals. Recently, as is known, the amount of bureaucratic limitations on visits to close relatives has been reduced.

"And that means that I can show my passport at the border and go over to the other bank of the Tisza River?" I asked I.I. Zavadyak, deputy chief of the Visa and Registrations Department [OVIR] of the Internal Affairs Administration.

"Not quite," he answered. "That will be later, when you get a permanent insert. Now, instead of showing us an invitation or evidence of family ties, as was demanded earlier, you simply write a letter in the established format, give it to the local soviet ispolkom, and you receive a one-time permit."

"How long do I have to wait to get the permit?"

"Three to four days. In addition, in various locations in the oblast we have opened four more control-and-permit points, which can issue you permission on the same day."

"How much does this cost?"

"Nothing."

"When can one receive a permanent insert?"

"In three to four weeks. This is something new, there are some things to be cleared up. It even takes time to print up the inserts. OVIR will give them out."

"But if I, once I have my insert, need to cross the border and visit Szabolcs-Szatmar County, say, three times in one day, what limit on visits do the new regulations set?"

"Don't worry, no one will try to object."

"By what vehicles may one cross the border?"

"By scheduled bus—bus service has been much more frequent since 1 March, as was announced in the press—in privately-owned cars, on mopeds, on bicycles or even on foot. To be precise, I may add that there is no need to change license plates. Our neighbor's traffic police are very familiar with our license plates."

"How much money can I exchange?"

"For the time being thirty rubles; you can bring along gifts equal to the same sum."

[pasage omitted citing a Hungarian visitor's favorable comments on the new system]

Up to 500 persons a day cross the border at the Luzhanka-Beregshuran permit point from both sides. The permit point is open from 10 AM until 6 PM. As a rule, most people return home the same day.

In conclusion I cannot be silent about a fly in the ointment... Although the Hungarian side set up money exchange points right on the border, our people as before have to storm the oblast branch of the Foreign Economic Ties Bank. [passage omitted]

But I do not want to end on a pessimistic note. According to OVIR management, negotiations are being conducted to establish simplified border crossing procedures with Czechoslovakia and Romania.

Reasons for Polish Hostility to USSR Discussed
18070586 Moscow LITERATURNAYA GAZETA in Russian No 14, 5 Apr 89 p 14

[Article by L. Pochivalov: "The Poles and Us; From a Writer's Notebook"]

[Text] Thirty-eight years ago, as I stood at the door with a suitcase in my hand, my father said to me: "Remember! Whatever they say there about the Poles—and they have said different things since ancient times—know one thing: You are going to a worthy people. They are ready to perish to the last man, but will not get down on their knees before occupationists. Use this as the starting point in your relations with the Poles". My father had participated in the civil war. He knew and had seen much.

Our little plane landed at Warsaw airport, and I stepped out onto Polish soil for the first time. I was to work there as a correspondent. There were two banners hung over the airport terminal building. They read: "People's Poland is building socialism" and "The example of the USSR, friendship of the USSR, help of the USSR—the basis for our success". Along the way to the city there were many other slogans waving on red banners along the road, and all were filled with optimism.

Right at the airport I was given a pass to my first work assignment and told to go there immediately. I dropped off my suitcase at the hotel and raced to the specified address. It was a massive, dark building. Three times I presented the pass to the surly guards, and finally I entered the hall. In a few minutes I heard the words: "Na kare smertsii!" [The death penalty], "Na kare smertsii!" Behind the railing stood those to whom these words were addressed. They wore dress uniforms without shoulder straps. Stalinism was reaping one of its final bloody harvests before dying out. It was 1951. The trial of the highest officers of the Polish Army had just been completed in Warsaw. They were accused of high treason. That is how I began learning Polish— "Na kare smertsii" may be understood even by one who does not know Polish.

...I went out of the gloomy court building onto the streets of Warsaw. The linden trees were in bloom in Lazenkovskiy Park. Above the crowns of the trees there rose the silhouettes of bombed-out streets. A mass of people flowed along the sidewalks, hurried and concerned. They were Poles...

Man as a social creature is inclined toward stereotypes in his thinking. The stereotype of the Pole has been formed in our consciousness since ancient times. He is multifaceted. His negative side has some not too flattering definitions: He is unreliable, arrogant, and everything like that. "...Enough, I am ashamed to belittle myself before the proud Polish woman". And an epoch later it was: "The Ataman dogs remember, the Polish pans [gentry] remember our cavalry blades"... All this was formed into the stereotype.

The years which I spent in Poland were a time of breaking these stereotypes. I lived among a courageous people. How much I had heard about the glorious feat of Warsaw which had risen up—even nuns fought on the barricades. In Warsaw my house was on the Polish First Army Street. Everyone knows about this unit. It fought heroically side by side with Soviet units, and entered Berlin together with them. Many good things have been said also about the bravery of the Lyudovoy Army, which fought against the Hitlerites in the underground. But what about the Krayovoy Army? Poles spoke about it in whispers, glancing over their shoulders. It was not under the control of the communists. Moreover, it was subordinate to London, it was "not ours". We did not recognize it. But why? After all, it fought on our side—against the occupationists.

Often Poles were judged prejudicially also in labor. "If you're a pole, you're a Cracovienne", not disposed to labor, empty-headed, living by the principle: "Either a pan, or begone". This is one more detail of this capricious stereotype! These people are great workers. Today when I hear that they are striking again somewhere in Poland, I wonder: How can the hands of the Poles be idle for so long, how is it that they do not ache from boredom? Evidently they are striking not to get a rest, but often out of desperation. For decades these hands have known no rest, yet they could not create true well-being. But these hands do have something to be proud of. In 3 years, the almost totally destroyed Warsaw was rebuilt from ruins before my very eyes, everything anew—according to the old plans, everything as it was, exactly as it was! Some of our orthodoxists said with irony: "Polish whims! They live in cellars and mud-huts, and yet they rebuilt the ancient prince's castle brick by brick". They also rebuilt the ancient churches brick by brick, and in Staryy Myast they placed the medieval houses one next to the other—everything as it had been, as if for an exhibit! Yet they themselves lived in cellars! Watching their labor, I remembered how my grandmother had wept when they blew up the cathedral of Christ the Savior. During those bitter times the Poles did and were forced to do many things as we did—they sent

off innocent people to slaughter, they fought against cosmopolites, but in regard to their own national values they stubbornly acted in their own way. Our people would laugh at them: "They are showmen, they like to put on the dog!" If we only had a tiny bit of such show! Recently we were driving in a car along Zolotoye Koltso, and I was embarrassed before my fellow Polish travellers at the beat-up Pereslavl-Zaleskiy and Rostov Velikiy, at the ancient churches by the road which had been turned into garages and warehouses. I was also embarrassed to have them see Moscow—run-down, trashy, I cannot remember that a capital was ever so uncared for. A month ago I was walking through Warsaw. The city was clean down to the last speck of dust. So much for showmanship!

The Poles are invariably inclined toward humor. They like to laugh at themselves—a fruitful trait for any nation. Recently a group of Soviet publicists spent 2 days with 3 members of the PZRP Central Committee Politburo, including the PPR Council of Ministers chairman and other high officials. We were informed about the situation in the country. The situation is difficult. Yet there was no depressing seriousness in the way our hosts talked about all this. There were always traces of humor which shone through in their conversation, and it certainly was no evidence of thoughtlessness. As ancient wisdom says: Humor is the child of philosophy. As long as we are smiling—that means we have not given up!

I was fortunate enough to meet the leading writer Yaroslav Ivashkevich shortly before his death. We spoke of the national peculiarities of the Poles. Ivashkevich said: "A Pole may spend his whole life saving groshen by groshen, saving, scrimping, maybe even swindling someone along the way, just so he can build a house no worse than his neighbor's. But if the hour of national flight should come—without thinking he will turn his house into a barricade, and with a weapon in his hands will die on the ruins of his own wealth". It is a trait which we do not understand very well, but it does exist! We must respect it!

Yes, the Pole likes the spectacular. Even in his fateful moment. In his appearance, his speech, and his actions. I always wondered: Why is the army so popular among the Polish people? Not only by its courageous feats of bygone times, but also in the way by which it knows how to present itself. You cannot tear your eyes away from a Polish officer. He is stately, smart in appearance, clean-cut, elegant, and precise in his movements. Here you will not find, as with us, pot-bellied ensigns and soldiers who forget to salute their superior officers. Traditional army discipline testifies to one's self-assurance, and this means to one's reliability. The Poles are proud of their army. And it is no wonder that in the recent difficult years of dissention that it is specifically the army which has become the stabilizing force in society—because it was trusted.

Perhaps, of all the peoples bordering us, we know Poles better than the rest. This is natural. For over 100 years Poland was part of the Russian state. The October Revolution made it independent. Our historically intertwined relations with the Poles have been so complex that whatever string you pull—it will all be unexpected. The ball of twine, although prickly, is nevertheless a ball, held together with age-old internal unbreakable ties. What there has not been in this ball: a Polish woman who wanted to become the Russian czarina, the sound of shackles on the road from Warsaw to Siberia, and standing side by side in defense of the barricades of the Paris commune. Among the Poles who rose up against czarism there were also Russian officers, and Decembrists had close ties with Polish revolutionaries. Pushkin bowed before his fellow poet Mickiewicz who, in the words of Pushkin, dreamed about that time "when peoples would put their differences aside and join into a great family". Tens of thousands of Poles took part in the October Revolution, and their names have become a part of Russian revolutionary history. Lenin performed the theoretical preparations for October while living in Poland. In the pre-war periods of enmity between the two states, it was the intelligentsia which did not let the traditional spiritual ties be broken. They were maintained, despite all obstacles, by scientists and musicians, writers and artists. Even in recent years, in the periods of persecution of dissenting intellectuals in both countries, they found help and support in each other. Everything was nonsynonymous in this intertwined ball. Their common Slavic origins brought them together, and at the same time there was the dissimilitude of traditional ideology. On both sides of the border they were Christians, but almost incompatible: In one country there was Catholicism, and in the other—Orthodoxy. In the 1000 years of existence of Catholicism in Poland and Orthodoxy in Russia, the head of the Polish church found himself in the capital of the Russian state in... 1988—at the anniversary of the Orthodox Church.

Our historical fates have at times become so closely intertwined that Poles became part of the Russian, and then also the Soviet people. They fled to us to the east, were taken by force to the endless Russian expanses, and many have lived in our land since ancient times, considering it to be their homeland. How many families there are which can trace their Polish roots! And even today there are over a million Soviet Poles living in the USSR—they are part of our people.

Poles have left a notable trace in our history—in culture, science, and in politics. We are not too well aware of their Polish origins, or at least do not emphasize them—they are ours! The revolutionaries Dzerzhinskiy, Markhlevskiy, Varynskiy, Vorovskiy, the geographer Cherskiy—the gigantic mountain ridge in Eastern Siberia is named after him, the artist Vrubel, the scientists Tsiolkovskiy and Przhivalskiy, the first Russian polar aviator Nagurskiy, the daring Levanevskiy who perished in the Arctic... This list can go on and on.

In my years of contact with Poland, I gradually attained that which from the outside was hidden from view, and was sometimes unexpected and even strange. I suddenly learned that the name of Suvorov, which we so revere, is unpleasant to the Poles—he quelled a Polish rebellion; that they hold a secret grudge against Dostoyevskiy and Gorky—for their unflattering portrayals of Poles. Once at a concert in Krakow a pianist performed the etude by Chopin three times to loud applause. A worker from our consulate who was at the concert with me concluded in a surly manner: "Antisovietism!" As it turned out, the concert was held on the anniversary of the day when our forces entered the lands belonging to Poland in 1939, and by his famous etude Chopin had called upon the Poles to resist czarism.

Once, PPR Council of Ministers Chairman Juzef Czirankewicz invited me to go in the airplane with him. We were flying to Katowice for the dedication of a new blast furnace which had been built with the aid of the Soviet Union. We had helped the Poles to rebuild their plants and factories and to create industry. In Katowice they gave us an ingot of the first Polish pig iron as a souvenir. I still have it. It is heavy, just as this help was a heavy burden for us in those days. After all, we ourselves had not yet recovered from the war. But we were proud of our example, our friendship and our aid! After a day I returned to Warsaw and learned that yesterday they had buried our young soldier communications officer. He had climbed up onto a pole to repair a military line, and they shot him from the bushes, like a little bird. The war had been over for 6 years, but in Poland its sparks were still flying. During those years I twice found myself in shoot-outs on the roads.

I understood ever more that the concept of the "Polish question" relates not only to the past, but also exists in the present day. Far from everything in it is so clear and visible as the first smelting in Katowice. In Poland I became interested in the Catholic Church. I was amazed when I learned that not one of the Polish Roman-Catholic priests had marred their dignity by cooperating with the Hitlerites. Our people did not encourage my interest. "You had better write about how the Polish youth is building socialism!" We were not too interested in such "vestiges of the past" as the church. How could I have guessed at that time that 36 years later I would become the first Soviet journalist whom the head of the Polish Church agreed to see, and that a year later I would be greeting him, the Primate of Poland, Cardinal Yu. Glomp, as an honored guest of LITERATURNAYA GAZETA at the entrance to the publishing house?!

Need I say what one experiences when one sees the countless graves of our soldiers on Polish ground... 600,000 hearts of Soviet people stopped beating on this ground. Yes, we paid dearly for our right to be good neighbors. Yet this blood is not an advance on mandatory acceptance in the future. It is not an eternal promise of returned gratitude. It was our contribution to our own freedom, as well as to the Polish, and to a peaceful future

on Earth. And the Poles have not forgotten this. It is nonsense that they supposedly profane the epitaph to the fallen, as recently occurred in Krakow. These are either provocateurs or irrational extremists who have no relation to the true sentiments of the people.

We must never forget that Poles are devout Catholics, and that Catholics have an especially reverent attitude toward the memory of the deceased, whoever they may be. Stalin declared that everyone who had been taken prisoner was a traitor, and even their graves were trampled in contempt. Yet the Poles, simple religious people, always cared for the unmarked graves of our unfortunate fellow countrymen who had died on Polish ground in Hitler's camps. There is a cemetery here where 80,000 are buried... And they still care for it. Yet we have just now barely come to the conclusion that it is time for us to "reveal" these burials.

I often felt badly when they asked me questions which I could not answer, which I simply did not know how to answer. Why did the Comintern disband the Polish Communist Party? What happened to its Secretary General Julian Leshchinskiy? (Only this year in a publication of PRAVDA did I get the answer to this question: Leshchinskiy was called to Moscow by the Comintern in 1937 and was executed there the same year.) What happened to the Poles who were deported in 1939 from the western regions of the Ukraine and Belorussia, and from other rayons of the USSR? There were over a million of them. Why did the Soviet Army, which stood on the opposite bank of the Vistula in the fall of 1944, not come to the aid of the Warsaw uprising? Why was Marshall Rokossovskiy, who had brought his armies to the walls of Warsaw, to the city where his father was buried, suddenly transferred by Stalin to the other front?

Questions, questions... I was young, just a correspondent of a youth newspaper, yet they asked an accounting of me in those years, as a Soviet citizen I was held responsible for all of this. And already then I understood that each of us bears personal responsibility for everything. Poland has tied its post-war fate with the USSR, and the Poles want to know first of all: Where are we going together? Where? To the bright far-off lands? What kind? When will they be revealed to us, these bright promised lands?

I often argued and tried to prove my point of view. After all, we have difficulties too! Yet we are helping you in a brotherly manner, building your cities, supplying ore, rock coal and fuel at low cost, tools, machines, and cotton. For example, in '47 we helped you out with wheat in a difficult time, even though we ourselves were hungry. Now they have built a multi-story Palace of Culture and Science in the center of Warsaw. I myself saw in those years how much work, effort and will our people put into this structure. In my opinion, it is cumbersome in its architecture, it does not adorn the ancient city, and it is expensive to serve... But it is a gift! The unflattering comments on this gift of our country

were bitter. Sometimes they hinted to me: "With this house Stalin is trying to pay us off for not coming to the aid of Warsaw when the Germans were destroying thousands of our homes". It was painful to hear this. Once I even demonstratively walked out of a concert which was being held in the Palace hall, when a sharp-tongued master of ceremonies made an ironic remark about the building where the concert was being held.

Behind all this was that which was left unsaid and unexpressed—insults, suspicions, and often a basic ignorance of the true facts. And we enhanced the suspicion, since we tried to hide these true facts, we were afraid of them, and even now are not too quick to expose the truth about some of them. The relations between the two fraternal countries could be more direct, simpler, and more natural if we took into consideration these nuances, and the "Polish traits" in the Poles. Without having a good knowledge of the people, their traditions, and the peculiarities of their psychology, we would cut from the shoulder: "We have to!", we would say. And yet, although they were neighboring Slavic peoples, although they were tied together by many things in the historical past, this past is still not all that similar. The Poles did not know the Tatar yoke, serfdom, or the unchallenged authority of absolutism. They even selected their own kings. Thus, they have a little better understanding of democracy than we Russians do, and it is quite understandable why they react with great sensitivity to any encroachment on their independence. Yet all too often we resorted to peremptory shouts. They told me that even President Boleslaw Berut once could not stand it and called Stalin: "Your ambassador Popov is ordering me around like the secretary of a rural raykom". Popov was recalled, but the style changed little.

When he came to Warsaw, Khrushchev allowed himself "not to notice" the fact that among his greeters was Vladislav Gomulka, who had spent a year in jail for no reason and who once again headed up the party. Khrushchev did not like Gomulka. I once had occasion to meet the editor-in-chief of the newspaper POLITIKA. He invited me to his home, and we spent many hours talking with him about the fates of our countries. When I told them at the consulate about this meeting, they reprimanded me: "You shouldn't have gone! The newspaper POLITIKA has its ins and outs, and its editor is a complex man... You should have consulted with us first". This year I met this "complex man" for a new discussion. He shook my hand and smiled in a friendly manner, recognizing me. This was PPR Council of Ministers Chairman Mieczyslaw Rakowski.

We should long ago have sought contacts with such "complex" figures in Poland, but we shied away. Our newspapers published many superficial articles, often by incompetent authors, about the events in Poland in 1981, and these articles only evoked irritation among many Poles. We imposed Stalinism upon the Poles, and we imposed Brezhnevism. In the recent history of this country such figures emerged in power who could only

have appeared under the influence of our stagnation. Thank God, it seems, all this is behind us. It is another time, with other leaders and other ideas. There have never been such great possibilities for true cooperation of the two peoples as there are today. This has been noted by everyone, even by the representatives of the Polish Roman-Catholic Church and "Solidarnost". But, they stress: Only on the basis of mutual understanding and respect.

PZRP Central Committee Secretary and Politburo Member Yu. Czirek also stressed this point during our meeting. "We must get to know each other better," he said, "and delve deeper into the specifics of our problems. Understanding is the best way to agreement". I was amazed: So many years we have lived side by side, yet the question of mutual understanding is still a key issue—it seems, not only with the USA, but even with our long-time ally Poland. Perhaps only now have we and the Poles begun to understand how little we know each other—not only in our not too clear present, but even in our history-book past. In Kostroma they told me how they took a group of Polish tourists up to a monument to Ivan Susanin in the center of the city. The Poles had no idea who this Susanin was. The young tour guide, who had a sense of humor, explained: "Well, how can I tell you... He was also kind of a tour guide. The first one for the Poles in these parts".

My long-time friend Richard Badovskiy lives in Warsaw. He is a well-known publicist in his country. He graduated from Moscow University, worked for several years in Moscow, and knows our country well. He devotes much time to gathering materials on Poles in Russia. He has a rich collection of books and documents. It seems that much is published on this topic in Poland. Unlike us, the Poles have a much more serious interest in the mutual relations of our two countries. In the post-war years we did not try very hard to make sense of and understand this neighboring people which we so loftily called "fraternal". In our own country we treated national peculiarities without proper respect, and even more so as far as foreign countries were concerned. However, in our past the leading intelligentsia held different positions. Here is an excerpt from the two-volume publication of "Polish Kingdom", published in Petersburg 100 years ago: "Among most Poles you can find many examples of high morality, noble chivalrous understanding of civic dignity, endless and selfless love for their mother country". Are we capable of such characteristics in the present time of mistrust? We are always afraid of praising too much.

There have always been anti-Russian and anti-Soviet sentiments in Poland. But do they run deep? Badovskiy believes that the Poles and Russians are traditionally cautious toward each other, but this is to the overall mass. Yet to each one individually they have a positive attitude. In other countries, explained Badovskiy, Poles

and Soviet citizens are invariably drawn to each other. No matter how you look at it they are, "kin". "We have a 'sick love' for you", smiled my friend.

Let us not deceive ourselves. In Poland there are those who fervently fan anti-Soviet sentiments or who try to heat up the situation with ill-thought out actions. Today there is a process of rapprochement of our peoples. We are opening Polish schools in the USSR and creating Polish clubs. Border contacts have significantly improved. Many Polish specialists are going to work in the USSR, and cultural exchange is growing... And then suddenly I learn: Recently in certain districts of Poland there has been some doubt expressed as to the need for learning Russian in the schools. There is currently a rapid breaking of stereotypes in our relations—both ancient, new, and most recent. We believe that the customs war which has recently arisen between the socialist countries does not facilitate an improvement in relations. Here it is called the "war of the have-nots". The Poles have exported much technology from the USSR—televisions, refrigerators, and washing machines. Today an end has been put to all this. "That's right!", a young customs agent in Brest categorically stated. "All Poles are speculators". And what about us? In the marketplaces of Polish cities you can now hear fluent Russian—some of our tourists are doing business. Some of Poland's cities have become handling centers for illegal shipments of black caviar from the USSR to France. So we know how to do this too...

Behind all these stereotypes stands historical experience. "After the war, they stubbornly tried to convince us Poles," they told me, "that our older brother the Soviet Union was better at everything. This caused a backlash. Such a thing even causes annoyance among the young children in a family". Another stereotype is that "the Russians brought the Poles freedom!" But now some different sentiments are emerging. Students at demonstrations are shouting: "Russians—go home!" The many years of presence on Polish soil of a large Soviet military grouping cannot help but leave an imprint on the sentiments of the local population. Especially since our soldiers do not always demonstrate exemplary behavior abroad. Yet we continue to ignore these "nuances"—to our own detriment. Recently another murmur rolled over the country. The USSR publicly announced a reduction in the number of its troops stationed in the GDR, Hungary and Czechoslovakia. But what about Poland? Did they forget about it? Or is it that they do not trust it, and keep the troops there just in case? The questions bothered the people. Fortunately, they soon came to their senses and explained that they were pulling troops out of Poland too! This is where real politics is, this is where it must be especially flexible and weighed in every detail! We now need diplomacy of the highest quality, including also in the socialist countries.

This is not the first year that the fateful word "Katyn" has resounded from the pages of the Polish press. In the forest near Smolensk, several thousand Polish officers

interned by us in 1939 were executed. When were they executed? Who executed them? For years we maintained that it was the Hitlerites. Today this affirmation is being decisively questioned in Poland.

Last summer I met with Politburo Member and PZRP Central Committee Secretary Marian Oczekhovski. The discussion centered around that which separates our people. "In the past," said Oczekhovski, "it was the politics of the ruling classes that separated us. These classes in Poland always looked to the East in search of expanding their living space, while in Russia they looked to the West with the same purpose in mind. Such relations lasted until 1945. Their history reminds us of the Polish troops in Kiev and the Soviet troops at the walls of Warsaw at the dawn of Soviet power. The rumor started: They gave Poland her independence and then suddenly decided to take it back. The second thing that separates us is Stalinism, the tragic fate of the Polish Communist Party, the deportation of hundreds of thousands of Poles to Siberia, and the liquidation of Polish national rayons in the USSR. And the third thing is the heritage of the past, the so-called "white spots" [gaps]. Oczekhovski particularly noted: "This is certainly not that account which we present to the Soviet Union. Everything has another side. In our Polish history there are also many "white spots" in regard to Russia, as for example in the Polish policy regarding the Belorussians, Lithuanians and Ukrainians. In fact these are "black spots". But the most tragic of such spots is Katyn. As a Pole who knows the sentiments of his people, I believe that this is a key question. If we do not clarify it, then the clarification of other "white spots" will lose all meaning.

Professor Ya. Machishchevskiy, co-chairman of the Soviet-Polish joint commission on "white spots", told me the same thing. This was also a serious discussion on restoring historical fairness in our consciousness: through truth—towards understanding. Unfortunately, the restoration is proceeding slowly, especially on the matter of Katyn. "Many in Poland are convinced," said M. S. Gorbachev during a recent visit to this country, "that this is the work of Stalin and Beria. The history of this tragedy is today being thoroughly studied. According to the results of the study we will be able to judge to what degree certain judgements and evaluations are justified".

In 1952 I once had the good fortune of speaking with Marshall Rokossovskiy in Warsaw. We talked about the peculiarities of the Russian and Polish soldier. The Marshall said: "The Russian is capable of waiting for battle in a trench for days on end. The Pole cannot do this. He is impatient. He must immediately have either victory or death, or he will jump up and go under the bullets".

The Pole is impatient... That is another detail of that old stereotype. Perhaps a precise detail. Rokossovskiy knew what he was talking about. And it must be considered not only in combat, but primarily—in politics. Eight months

have passed since M. S. Gorbachev was in Warsaw. The time, of course, is short for a thorough investigation. This time when I came to Poland, everyone I met would ask me about Kotyn. And in this, you must know the Poles, they do not depart from their own. In 8 months we have not said a word, but Poland is seething. There is no real proof yet? The investigation is still being conducted? Let us say directly: Wait, friends, there are still some things which are unclear, there are still some doubts. We need to look at the archives again, we need new excavations in Katyn. Silence is ruinous. Even if everything is not yet completely clear. Let us be politicians! "The Pole is impatient! Ye. Urban, the PPR government press representative, told me that Poland is forced to unilaterally publish new documents which have been handed over to the Soviet side. It is forced to do so because the opposition is making use of Moscow's silence.

I am far from placing all the blame for the shady sides of our relations in the distant as well as the recent past on the shoulders of my Homeland. The Poles came to the Volga as attackers, and the czarist troops—to the Vistula. At various times there were mutual insults and injustices. And in this article I have no intention of bringing up the old accounts of the Poles. On the contrary, as a citizen of a great power I would like to appeal that we, Soviet citizens, ourselves think about what we did wrong yesterday so that these things will not be repeated tomorrow. But to critically think about certain facts of their own history—that is a matter for the Poles themselves.

During his meeting with Soviet publicists, M. Rakowski constantly made comparisons between the current situation in our countries and stressed the similarities, as for example the common problem of the change of generations. The military generations, which were ready for patience, are fading away. The new ones are braver. They do not have the "barrier of fear". They easily formulate opposition currents. At the same time M. Rakowski persistently stressed the differences—each country has a different character of society. "For example, we do not have 'our own', Russian Pope, but we have the Roman Pope—a Pole. This plays a great role in the thinking of the population". And again he referred to the common: the political and economic position of the present day. The West is convinced that the socialist formation has entered a deep crisis and that it should not help it survive. "We and the USSR cannot quickly help each other, and some difficult years lie ahead for us," said the Polish premier.

Nevertheless, the hopes for mutual support are great. Here too we must seek understanding. PPR Council of Ministers Deputy Chairman I. Sekula stressed in his conversation with us that for Poland not everything is smooth in its economic relations with CEMA and the USSR. There are many unrealistic prices and rates of exchange, and the trade balance is not beneficial to Poland... We might add, our people affirm, that it is also not beneficial for us, and it is unclear how everything can be restructured...

We are not indifferent to the political situation in Poland today. This is because it is a fraternal country, because it is a neighbor, and because it is among our most decisive allies in the policy of perestroika. The Poles are also not indifferent to the fact that they are thinking about their affairs there, beyond their eastern border. Radical changes are coming to a head in Poland as well. To what will they lead? Will the country emerge from the crisis? What course will it take tomorrow?

Understandably, whatever happens there in Poland is the business of the Poles themselves, but it is also important for us that there be a successful, healthy, and friendly state on our western border.

When I first came to Warsaw in 1951, Maria was recommended to me as a translator. Her fate was remarkable. The young Leningrader who had just completed the language institute had been assigned to our trade delegation in the republic of Spain. At one of the receptions she met a young Pole, a worker at the Polish embassy. During the Franco rebellion, Jan came to our ambassador in Madrid together with Maria. "I am a Pole and a communist. I love this girl. She has agreed to be my wife. Today we are going to war together". They went through all the fronts of the Spanish war together. Once Maria carried her wounded husband out of the mountains on her shoulders. After the fall of the republic they moved to France. When fascism came here too, they entered the underground ranks of the maki. Jan was awarded the French military cross—for bravery. After the war they came to Poland. But here trials awaited them. During that bitter period of militant injustice, the participants in international brigades in Spain were under suspicion. Their life was difficult, and they were needy. Jan was often sick. In order to feed the family, Maria worked as a translator. "It is hard for you?", I once sympathized with her. "It's not easy!", admitted the woman. "But then Jan and I are remarkably lucky. No matter what happens, we are side by side".

It is with this long-ago story that I would like to conclude the article. I believe that we are very fortunate to have the Poles at our side. No matter what happens.

Social Effects of Hard-Currency Market for Consumer Goods in Poland

18070588 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 25 Mar 89 p 3

[Article by Yu. Belkin: "A Bazaar Polish-Style"]

[Text] The visitor to Warsaw is shown many points of interest. All of them are described in great detail in the tourist handbooks which serve as a reliable guide to the Polish capital. Yet there are places which you will not find mentioned in any guidebook. Nevertheless, they are famous and well known far beyond the boundaries of the country.

The "Skra" stadium, which translated into Russian means "Iskra" [spark] really is a place deserving of attention. No, it did not earn its fame by sporting competitions or soccer matches. The secret of its notoriety is hidden in an entirely different reason, far removed from sports. Every Sunday crowds of people come to the gates of the stadium from all parts of the city. In an hour it is filled with tens of thousands of visitors. The fact is that on weekends it serves as a bazaar. It is a special kind of bazaar. As we would say—a black market, a "swap meet". It seems that in the morning all of Warsaw gathers here.

The entrance is not free. Whether you are a buyer or a seller, you must buy a ticket for 100 zloty. There are no sales counters. All the goods are laid out right on the ground, on a newspaper which [the seller] happened to pick up on his way. And what you will find here! What they do not sell! Color televisions and tape recorders, watches and bicycles, electric heaters and juicers, video cassettes and woven goods, clothing and footwear...

the peculiarity of this marketplace is that here goods are offered which you will not find in the Warsaw stores. Only a very few of them rarely appear on the shelves of the city stores. Yet here, in the "Skra" marketplace, there is a full abundance of them. Here you can buy whatever your heart desires. There is only one condition: Your purse must be stuffed with money and you must be ready to pay triple price. The "Skra" sellers have an ironclad principle: To buy the goods at a cheap price from any country and in any place, and then to sell them at a higher price. The main thing is to get rich. Of course, no one uses the words "get rich". Another, more euphonic word is used—business. Yet regardless of what words one uses, the essence of the phenomenon whose name is speculation has flourished here in luxuriant colors.

Anyone who comes to "Skra" for the first time feels like he is in some kind of unreal, fantastic world. This is because the prices which you find here are geared primarily toward the very rich, or toward those who have an abundance of unearned income. The cost of the goods is 3, 5, 10, and sometimes even 15 times higher than in the state or private sector. For example, a color television, recalculated into Soviet money, would cost 3,000 rubles. The cost of a table-top computer is equal to that of a "Moskvich" automobile, while for a denim jacket they want 55,000 zloty, which is over 400 rubles.

The virus of easy profit has infected not only adults, but also the young people, adolescents and children. They try to take on the habits, mannerisms, and way of thinking of the bazaar regulars. They try to emulate them. A boy of about 12 is selling white shoelaces. The people stop, price the goods, and then buy. No one is upset by the fact that a child is doing the selling...

But then, what are shoelaces—these are totally harmless goods. Next to him there are fellows a bit older—about 20 or 30. They have a different kind of product. On the

ground they have laid out many magazines with bright covers brought from the West. On the covers are—naked women. The titles of the printed publications are rather specific: PLAYBOY, PENTHOUSE, SWANK, ADELINA, SEX, EROTIC. This is pornography and soft-core pornography... The people stop, look, and price. Not many buy. The magazines with the glossy, eye-catching covers are not cheap: 6,000-8,000 zloty (60 rubles in our money). In a state-owned store that is the cost of a good pair of shoes...

What are the most widespread items for buying and selling on the Warsaw market? Can you imagine, cans of Soviet sturgeon caviar produced by Gosagroprom! A tin can weighing 90 grams which costs 4,500 zloty goes here for from 10,000 to 12,000 zloty, or almost 90 rubles. Yet this is a mere trifle for the dealers who get rich on speculation. Enterprising people buy it up not by the individual cans, but by the tens and hundreds of kilograms. Then they export it to the West as contraband, specifically to France, where the cost of the caviar is 12-15 times higher. For the currency which they obtain, since its rate of exchange in Poland is very high, the dealers buy expensive cars, apartments, and scarce foreign-made goods at the "PX" (stores such as our "Berezka"). They buy that which the working man with an average income simply cannot afford.

The "PX" hard-currency stores are full of people. There are long lines at the cash registers and counters. Here they sell Western goods—good quality, attractive, varied—many of which later become the object of speculation at the "Skra" bazaar. They sell them for dollars. Anyone who has hard currency can buy them.

But where do the people get the currency? We know that Poland's national debt to the West comprises around 40 billion dollars, or 1,000 dollars for each of the country's residents. Nevertheless, the lines in the currency stores do not diminish and the trade does not decline. I had occasion to hear an original comment on this situation. "Poland is a poor country", said one of my Warsaw friends, "but the people live richly". Perhaps this is an exaggeration, although there is undoubtedly a certain portion of truth in it.

The mechanism of influx of currency into the country is no secret to anyone. I will not touch upon the channels for replenishing the currency deficit with the aid of state foreign trade. There are also others. There are many Polish emigres living in the Western countries. They regularly send their relatives money transfers. Yet the largest influx is from people who have gone abroad for earnings. Many of them are unable to ensure a stable living standard for themselves in their own country. Moreover, as a rule they equate themselves not toward the real living standard in Poland, but toward the high living standard of the Western states. They see the possibility of correcting their material position and realizing their dream only by earning dollars abroad. One

may leave the country at the specific invitation of relatives, friends or acquaintances. The authorities do not set up any obstacles to this.

At Belveder Street in Warsaw, every day a crowd gathers near a little house which stands by itself behind an iron fence. This is the American embassy. People wait here for many hours to obtain an exit visa. Both those who would like to leave the country for good and those who intend to come back after 2-3 years with dollars in their pockets come here. I have been told that there are around a million such people each year. In this case, the interests of Poland and of its citizens coincide. The country, in order to pay its debts, needs currency, while the citizens need material well-being.

However, the problem of problems arises here. The state spends huge sums on preparing specialists and scientific cadres. They graduate from institutions of higher learning and... go across the ocean to work. There is a weakening of the country's scientific and engineering-technical potential, a "brain drain".

"My son completed the polytechnical institute," told me Zhdislava Gurska, a teacher from Wroclaw. "He began to look for work in his specialty, but never did find it. Wherever he went, everywhere he was turned down. In one scientific institution they did him a favor: They offered him the position of a grounds-keeper... He knocked around here and there, and finally went to make his living in America. Of course, there he also did not work in his specialty and his labor was poorly paid. Yet, when he returned home, he was able to buy an apartment and a car for the money he had earned, and today he lives decently."

There is one other bitter aspect of the problem here. People who work honestly for their country, who by their labor improve its economic well-being, its political prestige and its international authority, as a rule are more poorly provided for than those who live exclusively for the sake of their own personal needs, according to the principle "money does not smell". Thus, a delicate situation arises: The "touring artists", buying their way with dollars, are able to attain the good things in life first. Naturally, many ask the question: Do they have the moral right to this? Doesn't this run counter to socialist fairness, doesn't it serve to deteriorate an already difficult political climate in the country?

Recently there have been many important events which have taken place in Poland. For the first time in the entire history of the socialist state, the government has been forced to retire at the will of the people. A new Council of Ministers Chairman, M. Rakovskiy, has been elected. The PZPR [Polish United Worker's Party] Central Committee, striving to overcome the political and economic crisis which has arisen in the country, has

decided to hold "roundtable" discussions with the representatives of the various political forces. Today everyone is asking the same question: What will be tomorrow? Will the new government be able to avert a crisis, stop inflation, and find means for increasing the living standard of the people?

What do the people think about the existing political system? A sociological survey was conducted among the adult population. The government's press official, Minister Yezhi Urban, disclosed the results of this survey to journalists at a press conference.

Five percent of the adult population stated that they wholly and entirely approve of the currently existing system of authority.

Forty-three percent of the population expressed approval in principle, adding that they were convinced of the need for improving the system. Over 34 percent of the population answered as follows: The system of authority in Poland has many shortcomings and requires serious changes. Only 7.9 percent of the population stated that they consider the current system of power to be bad and would like to see it replaced. The remaining 8 percent of the population had no specific opinion.

Thus, over 80 percent of Poland's population expressed the opinion similar or close to that held by the country's leadership, which is deeply convinced of the need for serious changes, radical reorganization of the sociopolitical life, and expansion of democratization. This opinion was reflected also at the 7th and 8th PZPR Plenums.

"The results of the public opinion," said Yezhi Urban, "indicate that an overwhelming number of Poles are critical of the policy of prices and income. They express dissatisfaction with the methods of the implemented economic reform, but hold the point of view that the socialist system in Poland is the general direction of the country which is capable of bringing the society to a new level of development."

...Together with my colleague, EKSPRESS VECHERNIY newspaper journalist Vladimir Likshey, I got to the "Skra" stadium with some difficulty.

"You know," he said unexpectedly, "I deeply believe that the time will come in Poland when you will not have to procure anything, you will not have to arrange anything through connections, and when there will be an abundance of all kinds of goods in the country. Then the bazaar at "Skra" will simply not be needed. It will fade away quietly by itself, and no one will even breathe a sigh over it. And the people for whom today speculation and the habit of wheeling and dealing has become a way of thinking, a way of life, will have to radically re-orient themselves and basically change their psychology. After all, as we know, existence determines consciousness..."

Polish Foreign Trade Minister on Free Currency Market, Trade With USSR

18070573 Moscow TRUD in Russian 22 Mar 89 p 3

[Interview with PPR Minister of Foreign Economic Relations Dominik Yastshembskiy conducted by TRUD correspondent Yu. Vasilkov: "Logic Dictates Changes"]

[Text] Polish People's Republic Minister of Foreign Economic Relations Dominik YASTSHEMBSKIY was in Moscow on an official visit. TRUD correspondent YU. VASILKOV spoke with him.

[Vasilkov] I would like to begin not with the negotiations which you conducted in Moscow, but with questions which, at first glance, are domestic Polish problems. Effective 15 March, the free currency market went into operation in the PPR. Of course, this innovation will have its effect also on the country's foreign economic relations. What have the first days shown?

[Yastshembskiy] The changes were primarily felt on the "black market". There the exchange rate of the dollar fell from 3,500-3,600 zloty to 2,800. Generally speaking, today there is not even the concept of a "black market", since all operations on the sale of currency have become "legal", depending on the daily exchange rate. This also has considerable psychological significance.

Yet this is not the main thing. The new currency law is part of our government's strategy directed at achieving market balance. For this, we believe, it is first of all necessary to achieve conditions under which it would be profitable for an enterprise to produce only that product for which there is a demand. Therefore, we are striving to create equal conditions for all sectors of the national economy: state, cooperative and private.

Logic and realism dictate the changes in the economy. Our economic managers, we might say, have the genetically inbred psychology of putting pressure on the government: It must, they say, supply raw materials and currency. Yet the ironclad laws of economics demand that each groszy be earned. That is what we are striving for.

[Vasilkov] Questions of currency policy and price formation are among the most sensitive also in the interrelations of the CEMA partners. Is there, in your opinion, a real reorganization going on in this sphere?

[Yastshembskiy] I do not think that it is possible to replace the directive approach to economics with the market approach "overnight". This is a process which requires patience. Yet it is important that every subsequent step that we take is based primarily on effectiveness. For now, unfortunately, the type of production which prevails in our countries is that which manufactures products regardless of whether they are needed or not, whether they are profitable or unprofitable.

Here we must first of all get to the bottom of finances. Tell me, how can we answer the question of how many rubles a zloty really costs, or vice versa? At the level of "pan Kovalskiy" (the consumer) the answer has been found. The "black market" knows how much to pay for one thing or another. Border trade gives us certain signals. Yet we must more decisively seek out parity of national currencies and determine them officially at the level of real buying capacity.

[Vasilkov] Financial discrepancies also hinder the development of the foreign trade initiative of enterprises. Perhaps the idea of direct ties and joint productions with the participation of Soviet and Polish partners is simply not current?

[Yastshembskiy] Here I must disagree decisively. This idea is extremely current. Yet we must speak not of grandiose industries—let them be, yet we have an acute shortage of small factories, plants and shops which can react quickly to demand. I might add that the so-called "second economic miracle" of Italy was achieved not by Fiat or other giants, but by hundreds of thousands of medium and small-scale "family" enterprises. The economic structure of our countries particularly needs the "little guys".

For me, as for a minister, the priority of trade with the Soviet Union is apparent. Yet I would like this trade to be fixed not only in official protocols, but also reflected in store display windows, in our clothing, and on our table. I am in favor of mutually beneficial and effective ties which are oriented toward consumer demand.

[Vasilkov] And finally, a question about the results of your visit to Moscow...

[Yastshembskiy] I came here as a businessman and as a sincere friend.

The changes taking place in the national economy of our two countries force us to take a new look also at the problems of mutual cooperation. We must admit that year in and year out we have been expanding the same structures of deliveries, which did not facilitate technical progress. Yet radical changes in this sphere are possible only as a result of modernizing our economies. This process is developing, although, if we speak of the PPR, the rate of change is still not satisfactory.

In the course of coordinating the national-economic plans for 1991-1995, we have agreed with the Soviet side that the turnover stemming from direct cooperation of enterprises will not enter into the framework of inter-governmental trade agreements. In the future, we associate the dynamics of our mutual trade with this turnover. We are speaking of gradually changing over to trade which is regulated by contracts and agreements between enterprises. The role of the planning organs

increases under these conditions, since they will determine the strategy and coordination of foreign trade. In this sense, 1990 must mark the turning point.

Soviet Trade Representative in Poland Interviewed
18070518 Moscow PRAVDA in Russian 13 Feb 89 p 5

[Interview with G.S. Shukin, USSR trade representative in Poland, by PRAVDA correspondent A. Starukhin, in Warsaw in February: "What Is in the Mercury 'Shop'?" first two paragraphs are PRAVDA introduction]

[Text] A letter from E. Rubakhin from Moscow Oblast asks: "Will you please analyze our country's trade with our friends in the socialist countries? In Poland in particular? What do we sell them? What do we buy from them?"

Commodity turnover between the USSR and Poland has reached 13 billion rubles a year. Our Polish partners account for 380 of the 1,100 trade agreements the Soviet Union has concluded with CEMA countries. What is the present state of the commercial relations between the two fraternal countries and are they as perfect and "problem-free" as we would like them to be? A PRAVDA correspondent discussed this with G.S. Shukin, USSR trade representative in Poland.

[Question] Trade is an important branch of the national economy but it certainly has its share of defects. The contents of the Mercury "shop," named after the mythological patron of the branch, are sometimes sparse and unexciting. What is on the "counter" today?

[Answer] It is probably best to start with a description of this "shop." Trade with Poland has been going on for more than four decades. The contacts with our main foreign trade partner are of decisive significance in the normal functioning of the Polish national economy because of its need for Soviet deliveries of raw materials and are also quite visible in the daily life of literally each Polish family. Three-fourths of our exports are crude resources, specifically—around 15 million tons of petroleum and petroleum products, 7 billion cubic meters of natural gas, over 100,000 tons of cotton, and 6.5 billion kilowatt-hours of electrical power a year. Our deliveries cover 80 or even 100 percent of Poland's need for these resources and for metallurgical raw materials, pulp, lumber, and paper. By the same token, it would probably be difficult to find a single Polish family without a Soviet refrigerator, television set, washing machine, camera, or clock produced in our country. All of the passenger cars—and one-third of the families in Poland have them—run on gasoline produced from Soviet petroleum, and all kitchen ranges use our gas.

[Question] But we are talking about raw materials again....

[Answer] Wait a minute! We will get to the problems in the structure of exports later. The goods we receive in exchange are also far from unimportant. For example, Polish deliveries of electrical engineering equipment, railway cars, and equipment for the food industry satisfy from 20 to 25 percent of our country's import needs, and Polish ships satisfy 10 percent of our needs. Almost half of the sulfuric acid and much of the sugar and fiberboard produced in the USSR are produced with Polish equipment. And what about the consumer goods! This is extremely necessary and mutually beneficial exchange.

[Question] You use the word "exchange." Is this elementary form not the prevailing one in our trade relations, and do we not have reason to rise above it? After all, the immediate objectives of economic development presuppose a move from primarily commercial relations to comprehensive cooperation in science, technology, and production. I went to the Romet bicycle plant in Bydgoszcz and I think it is working on some interesting joint projects with colleagues from Minsk.

[Answer] I would call this the latest phase of Soviet-Polish cooperation. It is qualitatively new and is certainly in line with the fundamental goals and main guidelines of the comprehensive program for the scientific and technical progress of the two countries over the long range. We must move away as quickly as possible from the preponderance of raw materials in Soviet exports. Of course, we have to take the raw material "hunger" of fraternal countries into account, but it is no secret that the CEMA states are often regrettably inclined to use inefficient energy- and materials-intensive technologies and to be extremely wasteful and inefficient in their treatment of many primary resources, which is totally inconsistent with world consumption levels. This turns the problems in this area into a vicious circle. The solution is the quicker development of highly economical machines and equipment, and this should be done jointly.

Genuine cooperation can also multiply intelligence, ideas, and capabilities. In this area I feel that the Soviet and Polish sides have sometimes displayed the pioneer approach that is so necessary today. For example, the Aircraft Design Bureau imeni Antonov and the plant in Mielec created a common design group and drew up the plans for a new generation of agricultural planes. The results of the cooperation between Bydgoszcz and Minsk are better bicycle models and Poland's first domestic motorcycles....

[Question] Then the cooperative firm is a promising method of collaboration?

[Answer] Yes, but it is not the only one. Joint enterprises are also promising. We began with a history spanning more than 40 years, but the most important changes, in my opinion, occurred before our very eyes in just the last year and a half. Six joint enterprises have been established on Polish territory. Three of them are already

producing goods—the Mirakulum household chemicals and cosmetics plant in Krakow, the Fimbres Plant in Ostrzeszow, which produces the new generation of ceramic electromagnetic couplings and pinions for which there is such an acute need in instrument building, and the Orbita publishing and printing enterprise. Relations are being improved and perfected, and possible new forms and methods of cooperation are being considered. The main criterion is the cardinal enhancement of economic effectiveness. Direct production relations between enterprises are one example. The Miera-Blone Plant in Warsaw and the Computerized Control Machinery Plant imeni K. Rudnev in Orel have begun—also as a result of joint investigation—the production of digital printers. As a result, the output of a scarce product will increase by one-third. It has been estimated that the partners will earn around 36 million rubles in profit by 1990. The Ponar-Bial Plant in Bialystok and the Grodno Technological Equipment Production Association have begun the cooperative production of lathe chucks, and with an almost identical economic impact.

Well-organized direct contact can solve several problems at once. For example, the interaction of the Moscow Electronic Machinery Institute and the Warsaw Mathematical Machinery Institute reduced the time required for the drafting of around 20 designs by half.

[Question] So the return on all of this will come tomorrow, but the raw materials should have been conserved yesterday....

[Answer] Well, let us take a look at the recent protocol on commodity exchange and payments in 1989. It envisages a higher percentage of machines and equipment.

[Question] One place in Poland, the city of Bialystok, was in the news several times last year. In the spring TRIBUNA LUDU and PRAVDA jointly organized a roundtable discussion there on questions of border cooperation, which are certainly not confined to trade and economic matters. At the beginning of winter another roundtable discussion was held there, this time for the secretaries of PZPR and CPSU committees. After all, Poland's location is important to us because of its lengthy border with the USSR. Trade has been developed along the border on both sides.

[Answer] We assign the greatest importance to border trade and direct contact between trade enterprises and organizations. More than 210 department stores and other shopping centers are engaged in commodity exchange. Their annual turnover is estimated at 300 million rubles. This might seem meager in comparison with the total 13 billion, but this exchange is of a special nature. It is stocking the market with a greater variety of goods.

[Question] What can you say about 1989 from the standpoint of new decisions, changes, and prospects?

[Answer] It seems to me that cooperation has entered a phase in which the answers to several "eternal" questions can no longer be postponed. As you know, since 1 January any enterprise in our country has had the right to establish direct contact with foreign partners and to trade its products without any kind of advance authorization. Just imagine that around 400 such pairs are already working together. In a word—freedom! This broad concept, however, presupposes what might be termed the personal efficiency of each and the improvement of the mechanisms of cooperation, which permit much while also restricting much. No one has ever held a convertible ruble in his hand or had one in his pocket yet, but we have been talking about it for a long time.

The approach to the planning of economic cooperation must be modified more resolutely. I think we should listen to the opinions of our Polish colleagues in the foreign trade sphere, especially Polish Minister of Foreign Economic Relations D. Jaztrzebski, who has argued against the planning of the volume and assortment of reciprocal deliveries. The current procedure precludes the quick and efficient inclusion of new and progressive types of products in the commodity turnover even when this is necessary. It is impossible to accept a situation in which you ask for certain types of machine tools because there is a demand for them and you receive the standard

reply: The machine tools are here, but we are not authorized to send them because they are not mentioned in the agreement. This is simply absurd. Since we have so much to say about the quality of goods in the domestic marketplace, it is regrettable that this is also one of the biggest problems in Soviet-Polish trade. There has been a great deal of talk on both sides about consumer goods. Finally, there is the problem of delivery schedules. The enterprises of our friends could not keep up with the schedule because of strikes, and our own enterprises could not because of reorganization or replanning.... But trade partners anywhere in the world are expected to honor schedules.

[Question] My last question is about the recent decision to use contract prices. Even in the past, however, essentially all decisions were made on the basis of contracts. Has any progress been made?

[Answer] The contract price is a vague and imperfect criterion. Barriers still exist. Form no longer accommodates content. Do you remember what happened last summer at the trade fair in Poznan? Representatives of nine of our republics were all there to investigate the possibility of commercial contacts. This was unprecedented. This means that the time has come to put international trade on a sound and efficient basis.

**Selected Articles from LATINSKAYA AMERIKA
No 1, January 1989**

Table of Contents

*18070168a Moscow LATINSKAYA AMERIKA
in Russian No 1, Jan 89 pp 1-2*

[Text] EDITORIAL COLUMN

"The Past Year and the Year That Has Begun" 3

V. P. Sudarev, "Regional Conflicts: The Problems of
Settlement" 6

A. O. Tonin, "Brazil: Strokes for a New Portrait" ... 19

"The Plebiscite Has Been Won, But the Struggle Continues." Interview with Volodia Teitelboim, member of the
Political Commission of the Chilean Communist Party
Central Committee 28

A. P. Karavayev, "What Economic Independence Costs"
..... 37

DISCUSSIONS AND DEBATES

"Leftist Forces: Unity and Diversity" (Conclusion) . 43

REPORTS

E. Ye. Kuznetsova, "The Search for a New Life Style" .
62

FROM OUR CORRESPONDENTS ABROAD

A. A. Sukhostat, "The Cuban Panorama" (Conclusion) .
71

DISCUSSIONS AND DEBATES

"The New Latin American Historical Novel: Problems
of Revolution and Humanism" 83

ART AND LITERATURE

Yu. V. Pokalchuk (Kiev), "Encounter in Lima" 99

ARTISTIC JOURNALISM

Fernando Morales, "Olga." Introduction by B. Koval and
translation by A. Bogdanovskiy. 104

SEARCHES AND DISCOVERIES

L. S. Sheynbaum, "A Peasant Farmstead in Pinar del
Rio" 121

THE BOOKSHELF

New books are reviewed by A. S. Popov, Yu. V. Vannikov,
and A. S. Bondar. 132

V. V. Pronenko (Kharkov), "Returning to the Past" . 98

Index of articles and materials published in 1988.

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya
Amerika", 1989

**International Role in Settlement of Regional
Conflicts**

*18070168b Moscow LATINSKAYA AMERIKA
in Russian No 1, Jan 89 pp 6-18*

[Article by V. P. Sudarev: "Regional Conflicts: The
Problems of Settlement"]

[Text] Regional conflicts have turned into one of the
main factors in the destabilization of international rela-
tions in recent decades. This is because of the rapidity
and suddenness of escalation inherent in them, reaching
the level of armed opposition, the tendency toward
spatial "diffusion," and the tightening of contradictions
into a strong knot within a country and between states.

Reinterpretation of the experience already accumulated
in this area and the search for new approaches are all the
more important, since the crisis environment objectively
existing in the "Third World," which is the result of a
number of deep-seated factors, is persistent and appar-
ently will continue to generate "fuel" for a long time to
come. Along with solution of a combination of problems
related to "Third World" development, which may be
considered an extremely important though remote pros-
pect, mechanisms for international cooperation which
are able to "deactivate" regional conflicts, as well as to
create a certain barrier to the emergence of new "hot
spots," are required today.

"The Local Soil" of Regional Conflicts

What is the nature of crisis areas' conflict-creating poten-
tial? With the distinct nature of each specific situation, it
is possible to single out a number of components which
"operate" especially actively under modern condi-
tions—both in the onset of conflicts as well as during
their evolution.

First of all, there are the internal factors which, as
paradoxical as it may seem at first glance, are the most
complicated area, the area that is "difficult of access," in
the process of removing obstructions. The severe crisis in
the political and socioeconomic structures which most
developing countries are going through, the high level of
polarization of the forces in society, the lack of appro-
priate efficiency in political struggle, and the traditions
of authoritarianism and violence rooted in tiny years, and
sometimes even two times worse than required by the
norms. The situation is being corrected now, but not
everywhere, not to the full extent, and slowly. All this has
led to a situation in which there are no resources or
opportunities to carry out preventive operations for

current maintenance of the track in subdivisions. They are oriented only to a run by a track-testing car and eliminate the flaws it brings to light.

Considerable hope has been placed with mechanized track by the conflicting sides for outside support, both moral-political and material support, on the other hand also lead to the spread of domestic conflicts beyond national borders. The problem of refugees, which inevitably arises as the result of domestic conflicts, often contributes to this; it directly affects the neighboring states and indirectly draws them into the conflict.

The increasing political heterogeneity of the "Third World" plays a substantial role in shaping the conflict environment. The emergence of states which gravitate toward different political and social systems under conditions in which these regions lack experience in peaceful coexistence with countries under a different system leads to a situation in which the inevitable political and ideological conflicts are carried over into relationships between states.

The growing differentiation of developing countries and the separation of groups of states which have "broken away" in their level of economic development sometimes contribute to the emergence of claims to hegemony, the urge to form their own spheres of influence, and the export of political systems to neighboring countries.

Territorial disputes are also a breeding ground for local conflicts. Their roots extend back to the period of colonialism, as a rule. The border problems in Latin America, which have largely resulted from the initial dismemberment of the former colonial territories and the absence of clearly defined borders, as well as the repeated attempts in the 19th and 20th centuries to "build up" one's own territory at the expense of neighbors, are especially typical in this respect. As a result, there are more than 10 states on the continent that have "active" territorial claims against other states. These border problems, which sometimes recede into the background and appear to become part of history and sometimes become aggravated unexpectedly, either add substantially to the already high potential for conflict in a number of regions (the territorial disputes in Central America) or become the basis for the onset of armed conflicts (the Anglo-Argentine dispute on ownership of the Malvinas Islands, the Peruvian-Ecuadoran border clashes, and so forth).¹

The relatively rapid "realization" of conflicts between states in the form of military and political confrontation is related to the special status of military institutions in Latin American societies to a large extent. Their high level of autonomy, the traditions of active intervention in political life, and their actual monopoly in resolving the entire range of national security problems leads to a situation in which the armed forces exert abnormally

high influence on state policy, bringing in a considerable amount of the military force component, geopolitical ambitions, and a broad interpretation of the security doctrine.

One of the most complicated and controversial problems is the interrelationship between the revolutionary liberation movement and regional conflicts, especially as it has traditionally been the object of intense ideological struggle. Diametrically opposite assessments have predominated at the same time, as a rule. Either all or most of the "blame" for a conflict has been directed against the revolutionary movements or they almost automatically have become the only political force that struggles for a political settlement of the conflict. The author by no means advocates a search for some kind of "golden mean." The actual situation proves to be considerably more complicated and contradictory and requires a specific analysis first of all. Without dwelling on this subject in more detail, I would like only to stress that in those cases where revolutionary movements are one of the direct participants in a conflict, its further evolution depends to a considerable degree on their position. Their readiness for reasonable compromises and advancement of national interests to the forefront can contribute substantially to a political settlement. At the same time, an extremist approach and actions in accordance with the principle of "war until final victory" are often fraught with tragic consequences.

The External Factor

The effect of it takes many forms. In the broad sense there is the international situation as a whole and the basic trends in its development which create an external environment in which one conflict or another is developed. To a large extent it determines the nature of the world community's influence on the "hot spots." This refers in particular to the status of relations on the West-East line and the correlation of the elements of confrontation, dialogue and cooperation between the great powers. Under conditions in which the great powers have a "presence" in one form or another in practically all the "hot spots," these relations have inevitably been projected onto regional conflicts. At the same time, it has to be recognized that this projection is far from being as well-defined as it seemed to be until recently. Thus, for example, the detente of the 1970's coincided with the emergence of a number of regional conflicts (the South of Africa, the horn of Africa, Kampuchea).

A different situation has taken shape in the second half of the 1980's. The Soviet Union's call for a restructuring of international relationships based on the principles of new political thinking and positive changes in Soviet-American relations have contributed to the establishment of more favorable conditions for beginning the process of settling a number of regional conflicts.

In a more narrow, specific sense, the external factor in a conflict means the purposeful influence on it of individual states, groups of countries, and international political organizations and movements which are pursuing their own interests. On the regional level there is the foreign policy of states in a given region whose interests are affected to one extent or another by the conflict.

The regional factor is able to play a significant role both in intensifying the conflict or in removing obstacles to its settlement. Moreover, under current conditions the efforts undertaken on the regional level are one of the principal conditions for normalizing the situation in crisis areas. This is graphically illustrated by the experience of the Contadora Group in Central America, of the Central American republics taking part in the "Esquipulas-II" agreement, and the "frontline" states in southern Africa.

The great powers have turned out to be involved quite deeply in practically all the regional conflicts in recent decades (for various reasons). Their presence has been manifested in various forms: the delivery of weapons, the dispatch of military advisers, and political-diplomatic and economic support (pressure) right up to direct armed intervention.

It is obvious that from the positions of traditional political thinking and a bipolar view of the processes taking place in the world, regional conflicts possess a certain "magnetic force" for the major powers and provide the temptation to take advantage of the situation to increase their direct military presence and expand their geopolitical spheres of influence. At the same time, the result of one power's active influence on a conflict often has been "retaliatory actions" from the other. In this way, support for the sides engaged in the conflict has turned into a distinctive form of political hostility between the United States and the USSR. But making regional conflicts "ideological" and tying them in not only with global objectives but the national security interests of one power or another have given new impetus to them, as a rule, and contributed to further escalation of the contradictions.

The theoretical justification for such an approach, expressed in the concept of "low-intensity conflicts" (KMI), was worked out in some detail by "the new right" in the United States in the 1980's. Low-intensity conflict, by occupying an intermediate position between large-scale war and universal peace, in the view of its authors, was declared to be the principal threat for the United States in the forthcoming decades. The KMI concept is based on an unprecedentedly broad interpretation of the United States' national security interests. They see a real threat to it in any geographically remote local conflict by viewing it from the standpoint of "the subversive activity" of international communism. Hence the conclusion was drawn that the fulcrum in the policy of "deterrence" should be shifted to regional conflicts. Thus the "hot spots" have not been viewed in

the light of international cooperation and searches for ways to bring about a peaceful political settlement, but as objects of confrontation with the USSR and suppression of the national liberation movement by force.

The result of active involvement by the great powers in crisis regions has been to get them "stuck" in regional conflicts. On one hand, this has been expressed in the allocation of more and more material resources to support one of the belligerents, and on the other hand, in the establishment of a more and more expensive direct military presence. At the same time, active participation in a conflict by initially creating the illusion of political advantages has not provided for them in the long term. Power "therapy" and abundant financial infusions at best have only been able to dampen and lessen the severity of a conflict for a short time by ensuring an overwhelming advantage for one of the sides (which in practice has turned out to be unrealistic, since the other side has also had foreign support) and to maintain the status quo for a certain period of time.

It is now apparent that not only the material cost but the political cost of "power schemes" have turned out to be extremely high (impartial criticism by the international community, including elements of isolation, complications with traditional foreign policy partners, unpopularity within the country, and so forth).

Finally, the great power later becomes a "prisoner" of the political choice made at the moment it entered the conflict. After investing considerable material and political capital in support for one of the sides, it has become dependent in a certain sense on its regional ally, which often seeks to maintain its privileged status as much as possible. This in turn creates a strong moment of inertia which proves to be extremely difficult to overcome.

Regional conflicts have been turned into distinctive epicenters for militarization of the "Third World" and increasing military expenditures. Developing countries accounted for about 70 percent of the world's arms imports by the early 1980's. Most of them were for deliveries to crisis regions. Five small Central American states accounted for more than 20 percent of the military expenditures by countries in Latin America and the Caribbean in the first half of the 1980's.²

By concentrating two-thirds of the international arms trade in the "Third World," it is oriented toward these regions and is being turned into a substantial element in the arms race. Up-to-date and technically complex forms of weapons such as aircraft missiles, which made up 60 to 70 percent of all military hardware purchased by conflicting sides by the middle of the decade, predominate more and more in military deliveries.³ Access to modern means of waging war leads to more and more destructive consequences from armed clashes.

Local conflicts stimulate military organizational development in every way possible, the excessive growth of military expenditures, and the development in those states where the economic potential permits of their own military production, beginning with small arms and ending with sophisticated military equipment. In the first half of the 1980's, that is, at the very height of the Central American crisis, the military expenditures of countries in this region rose by an average 14.5 percent annually. During the same period, the size of the armed forces in these states increased by 450 percent (from 40,000 to 180,000 men).⁴ Military organizational development is accompanied as a rule by the formation of "parallel" military structures ("civil defense forces," a "volunteer corps," the "militia," and so forth), which are turned into a substantial factor in the militarization of societies. In the majority of cases, the "military economy" turns out to be an excessive burden for the fragile economic structures which do not escape from the region of crisis and throws the belligerent sides far back in the level of socioeconomic development.

The Search for Means of Settlement

The evolution of regional conflicts, which have been turned into permanent breeding grounds for international instability over the past decades, and the forcible, military-political versions of "solving" problems obstructing a settlement have required that new approaches be sought and that stereotypes of traditional thinking be overcome. It is obvious that removing obstacles to settlement under the conditions of the complex, multilayered knot of contradictions created in crisis areas could not be any one-time action. Each of the conflicts has been distinguished by a distinct and sometimes unique combination of integral elements and its own dynamics and it has required a specific approach.

By the end of the 1980's, two basic directions for advancement which appeared to be most promising began to be seen more distinctly. On the international level, the maximum restriction of foreign presence, in the military-political area first of all, and the establishment of multilateral mechanisms for a political settlement with participation by the United Nations as well as regional organizations. On the domestic level, implementation of the concept of national reconciliation.

Obviously, the immediate task in settling any conflict is to bring it out of the stage of armed hostility. Solution of this problem depends both on the direct participants' readiness for dialogue as well as the activity of the world community, which is in a position to exert a purposeful influence on the conflict by utilizing multilateral mechanisms of cooperation within the UN framework first of all. This means a ceasefire, for example, and separation of the hostile sides by sending observers, and in a number of cases, military contingents, under the UN flag.

There is no doubt that the use of multilateral forces to maintain peace runs into a number of problems associated with the many historical features from cold war times, as well as the specific experience (often negative) accumulated by states in one region or another. For example, this experience for Latin America has been directly linked with U. S. interventionism. Over the past decades, the United States has repeatedly attempted, under the flag of the OAS, to carry out multilateral plans for intervention in the internal affairs of the region's countries and to overthrow objectionable regimes.

The more active inclusion of the USSR in activity by the institution of "UN forces," which was reflected by the resumption of its financing in 1987, as well as in the initiative on sending UN naval forces to the Persian Gulf, is capable of substantially increasing the effectiveness of this instrument of international security, reinforcing its multilateral nature first of all.

A substantial role can be played by the creation of an international mechanism of guarantees to settle conflicts which is implemented at regional and subregional levels. In this connection I would like to mention that the fact that the UN secretary general became one of the guarantors of the Guatemala accords which began the process of "Esquipulas-II" provided them with a basis in international law.

It appears that the United Nations' opportunities for exerting influence on regional conflicts have been far from fully utilized. For example, the Geneva talks on Afghanistan attest to the fact that this organization can be not only a tribune for discussion of a conflict, but it can carry out mediating functions quite effectively as well. The United Nations can also play a larger role in working out and implementing a combination of measures to restrict arms deliveries to crisis areas. This is vitally important not only from the viewpoint of practical steps to "deactivate" one conflict or another, but in the context of disarmament as a global problem as well.

The role of the great powers in the process of removing obstructions from the "regional knots" is substantial. Restriction of a direct military presence; discontinuation of arms deliveries to crisis areas; rejection of any actions which destabilize the processes of political settlement, which are fragile anyway, as a rule; assumption of international commitments guaranteeing their implementation; and finally, purposeful influence on their allies in order to remove obstacles to a settlement as rapidly as possible—this is far from a complete list of the possible ways for the great powers to make a positive contribution to normalize the situation in crisis areas. All these positions can become an integral part of the great powers' "code of conduct" in regional conflicts. This idea, which in itself is not new, is especially timely under current conditions, in our view.

It is apparent that new approaches are also required in assessing one's own interests in one region or another, in studying the experience already accumulated in participation in conflicts, and above all, in realizing the hopelessness of any forcible solutions over the long term, no matter how good their motives sometimes appear at first glance. In any case, such solutions have suppressed the freedom of choice of one people or another and have imposed patterns which do not correspond to their level of development, political effectiveness, historical traditions, and much more. It is precisely for this reason, as a rule, that the methods of "forcible democratization," modernization of archaic patterns, and so forth have proved to be ineffective and often even counterproductive.

In the second half of the 1980's, practical advancement in this direction has already been begun, and it is linked with the USSR's efforts to untie "the Afghan knot." The withdrawal of Soviet forces from Afghanistan, which began in stages on 15 May 1988, became a specific manifestation of the new political thinking in a great power's approach to a regional conflict. In spite of the considerable difficulties which emerged right away in its practical implementation, the fact that a Soviet-American understanding had been reached in accordance with guarantees of the Geneva agreements at least indicated the possibility of effective cooperation between the great powers in settling regional conflicts.

The Central American Knot

This trend is encountering great difficulty in Central America. In the early 1980's, the region also turned out to be indirectly involved in a new phase that had begun in the East-West confrontation. The United States' undeclared war against Nicaragua, on one hand, and the delivery of Soviet arms to Nicaragua on the other hand gave the crisis elements of military-political hostility between the two powers.

The situation was also complicated by the fact that the Central American conflict has held a special place on the Republican administration's scale of regional priorities from the beginning. To a large extent it linked its political prestige with the outcome of this conflict, investing substantial material and political capital in carrying out a power policy.

The very fact of Soviet arms deliveries to Nicaragua was an extremely convenient pretext for the U. S. ruling circles, it made it easier for Washington to "tie in" the Central American conflict with national security interests, and it "propped up" what was on the whole a rather shaky consensus in the ruling circles on this question (at the same time, the possibility of Soviet military bases being established in this country was being viewed in the United States as basically hypothetical, especially after the process of change in the Soviet Union's policy was begun in 1985). The policy in this region had been "farmed out" to the administration's extremist wing to a certain extent. In the overall balance of foreign policy, the rigid course in

Central America was counterbalanced by other directions in which Washington displayed a certain flexibility and readiness for compromises. A result of this was a special "adherence to principle" by the Republican administration which, although compelled to verbally support "Esquipulas-II," left practically unchanged a number of key factors in its Central American strategy: aid to the contras—even if only humanitarian aid (as the result of Congress' pressure), refusal to engage in dialogue with the Sandinists, and so forth.

For the reasons enumerated, the Central American knot proved to be a regional conflict in which there was no perceptible progress in the Soviet-American dialogue right up until the end of the Reagan administration. This was also confirmed by the results of the visit to the United States in September 1988 by USSR Minister of Foreign Affairs E. A. Shevardnadze.

However, what has been stated by no means indicates that productive dialogue in principle is not possible, especially with the new American administration, which has not been burdened by the neoglobalist "work" begun in the early 1980's to the extent that the Reagan administration was.

In this connection, I would like to support the thought expressed by researcher N. Kolosovskiy that the practice of advancing the question of "who started first"⁵ to the forefront proves to be unproductive, as a rule (for example, the Soviet Union began the "militarization" of Nicaragua, which led to retaliatory measures by the United States, or Washington created the conditions for Soviet military assistance to this country by its policy of destabilization). There is no question that we cannot automatically follow the principle of "equal responsibility." Both the forms and extent of involvement in the conflict by each of the powers are different. In this case I would like only to emphasize that it is unquestionably important that lessons be learned by each power from taking part in one conflict or another, and this question is debatable in nature in the overwhelming majority of cases. By being tied up in the whole complex of cause-and-effect relationships which stem from the high degree of interdependence in the great powers' policy in crisis areas over the preceding decades, it is unlikely that it can serve as a starting point for practical steps to remove the obstacles to settlement.

It is obvious that the task of seeking a balance of interests, but not forces, including the international commitments of each of the sides, the political and economic "realities" of a presence, relations with allies, and so forth should be moved to the forefront now. However, it appears that in any case the search for compromises and consideration for mutual interests should be oriented toward the maximum possible restriction of the military-political components of policy in a crisis region and the establishment of conditions

which ensure freedom of choice for the direct participants in the conflict. Otherwise, it is unlikely that any compromises will work in the long term, and moreover, they may acquire the tinge of "an agreement between the superpowers," a division of spheres of influence, and so forth.

With all the importance of "freeing" conflicts of the nonregional component, which can clear the way substantially toward a political settlement, it is obvious that it is precisely the efforts of the direct participants and their readiness to engage in dialogue and seek compromises that play the decisive role. In our view, Central America, where each of the countries involved in the conflict has recognized itself not only as the object, but the subject, of the process of peaceful settlement, has advanced farther in this direction than others. Certain practical experience in removing obstacles to settlement of the conflict and in attempts to carry out the concept of national reconciliation has already been accumulated here.

As the result of the Guatemala accords signed by the five Central American states, a single plan for settlement, based on the idea of internal democratization and national reconciliation, was worked out.⁶ National reconciliation commissions, which include representatives of the opposition and the church as well as the governments, were created in all the countries except Costa Rica.

There is no question that all these events have had a positive influence on the situation in the region. At least they have demonstrated the possibility itself of compromises and dialogue between hostile sides and a combined search for mutually acceptable solutions, as well as the positive influence of the external factor in the form of "the Latin American eight," the United Nations, and the OAS on the process of political settlement. The possibility of establishing foreign policy conditions capable of limiting the extremist basis of U. S. policy in this region when it was forced to observe the "rules of the game" established by the Central American states with the support of the international community was brought out as well.

However, only the general features of this prospect were brought out in the period under consideration. In its practical realization, "Esquipulas-II" immediately ran into substantial obstacles. The unified "Esquipulas-II" plan was not linked with the substantially different situations in each of the subregion's countries, and as a result, the periods originally set to implement the national reconciliation and democratization measures (90 days) were disrupted.

It appears that it was difficult to expect events to develop differently. The crisis environment created in this region was produced by deep-seated, persistent contradictions in development which have been accumulating for decades. Evidently the ripening of internal conditions for national reconciliation will be a long and painful

process. Finally, the conditions for national reconciliation, which are the most humane and desirable from the viewpoint of the priority of human values, may simply be lacking in a given stage of the conflict's development, and you cannot create them with any international agreements. Thus, for example, in the case of the Salvadoran conflict, we can speak about national reconciliation as a very remote prospect at best.

Another important obstacle which the "Esquipulas-II" process has encountered is the strong destabilizing effect of a number of external factors. As before, arms have been sent into this crisis area, and as a result, the process of militarization in this region has not been halted. Moreover, the United States substantially increased the technical level of its military deliveries, proceeding to send modern supersonic F-5E fighter-bombers to Honduras, for example (at the same time that the Guatemala accords began to be implemented!). As a result, there is one more barrier to the development of measures of trust and mutual security and to the restriction of defense potentials to dimensions of reasonable adequacy.

Experience in implementing the Guatemala accords has clearly demonstrated that one of the important conditions for advancement on the path of settlement is to ensure that there is a favorable external environment for this, primarily by freeing this process from military-political influence from without. The conclusion of international agreements to discontinue arms deliveries to this region, for example. It is obvious that this will not lead to an immediate end to civil war in El Salvador, for example. But it is also obvious that the United States' military support for the Salvadoran regime, which enables it to "stay afloat," is leading to a higher level of armed resistance and making the already remote prospect of a political settlement in this country even more difficult.

Attempts to resume military deliveries to the contras threaten a new phase in militarization of the conflict around Nicaragua. At the same time, this can disrupt the dialogue begun in Sapoa once and for all. Will Central America move closer to peace, stability and democracy from this? Experience in the use of "force methods" in this region in the 1980's provides a response to this that is quite unequivocal, just as the generally negative "balance" of the United States' policy in this region, clearly brought out in the last term of the Reagan administration.

By the end of the 1980's, the process of removing obstacles to the settlement of regional conflicts, which included practically all the "hot spots" in one form or another, became one of the positive principles in the evolution of international relationships. It became possible owing to the growing awareness by all sides involved in a conflict of the hopelessness and simply the

futility of attempts to solve problems by further escalation of armed resistance. The political will of the leaders of the major powers, the active position of the world public, and the efforts of the United Nations and its secretary general have played an important role.

It is obvious that the shoots of the new political thinking are having difficulty pushing up when they run into the "obstructions" of the preceding decades and the tenacity of confrontational approaches. Only the first steps have been taken on the long path of normalizing international life. And although the high conflict-creating potential which continues in a number of world regions does not provide the grounds for forecasts that are too optimistic, the lack of some viable alternative to the movement begun toward a secure world without violence is becoming more and more apparent.

Footnotes

1. For further details, see *LATINSKAYA AMERIKA* Nos 8 and 9, 1982.

2. EURAL. "Amrica Latina y Europa en el debate estratgico mundial" [Latin America and Europe in the World Strategic Debate], Buenos Aires, 1987, p 152.

3. Yu. N. Alekseyev, "Razvivayushchiesya strany: voyennyye raskhody, razoruzheniye i razvitiye" [The Developing Countries: Military Expenditures, Disarmament and Development], Moscow, 1986, p 72.

4. EURAL. "Amrica Latina...op. cit., p 193.

5. ME i MO [MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA], No 6, 1988, p 32.

6. The accords provided for measures such as a ceasefire, amnesty, dialogue with the opposition, lifting of the state of emergency and censorship restrictions, and the preparation for and conduct of universal elections. In the area of security, the objective set was discontinuation of foreign aid to irregular military formations, as well as the practice of using national territory for subversive actions against neighboring states.

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya Amerika", 1989

Political, Economic Conditions in Brazil Assessed
18070168c Moscow *LATINSKAYA AMERIKA* in
Russian No 1, Jan 89 pp 19-27

[Article by A. O. Tonin: "Brazil: Strokes for a New Portrait"]

[Text] The visit by Brazilian President Jos Sarney to the Soviet Union last October, the unusual and substantive talks held in Moscow, and the general political document signed by both sides—the "Declaration of Principles of

Interaction in the Name of Peace and International Cooperation"—all this has not only attracted legitimate interest, but it probably has also prompted us to wonder: haven't our traditional notions about Brazil become too narrow for this country, and hasn't it appeared here, in the person of its high-ranking envoys, to be somewhat different than it seemed before?

It appears that the answers to these questions should be affirmative. Indeed, it is as if Brazil has overtaken the conceptions about it in the outside world, and especially in the USSR, for several reasons right away. I point first of all to the long forced isolation of our countries from each other, which did not make it possible for us to exchange valuable news about our lives and development, and firsthand—through our journalists, tourists, and other travelers, not through the foreign mass media. At the same time, our Soviet view of the world, and hence of Brazil, has changed to a significant degree now. We are learning to distinguish political half-tones, we are adding new colors to our palette of perception of different phenomena, and we are not rushing to attach labels, especially to what is little known or understood. Finally, we are simply regarding many things, including others' choice of a way of life, with more tolerance.

Without laying claim to a thorough and detailed analysis, I would like only to identify certain aspects of the immense topic of Brazil and to add several strokes to the new portrait of Brazil, which must be produced more quickly, for it will not be simple without it to carry on the dialogue with this country which received such encouraging impetus in the Moscow meeting at the highest level.

Through "Consent" Toward a New Constitution

With the adoption of the new constitution on 5 October 1988, Brazil completed the procedure of forming a civilian government and most likely put an end to the transition period from more than 20 years of military rule. That spring of 1985 when Tancredo Neves, the elected civilian president, was getting ready to take the oath of office but could not do so because of his serious illness and death which shook the country, now seems a long time ago...

It seemed to different devout Brazilians at that time that it was almost as if Providence, which had not succeeded in bringing the long-awaited democracy, was resisting the changes. But as a matter of fact, the process of democratization took its normal course. It was predetermined by the distinctive gentleman's agreement between the forces that had long prepared for the transition to civilian procedures and those who still did not believe in the new prospects at all but did not want to interfere with them, and most likely could not... Many questions were raised then, and not all of them have been resolved once and for all even today. Did the military simply transfer power? Or did the civilians take it, or did everything take place "under pressure from the broad masses," which

has explained everything for us so often and easily? It appears, nevertheless, that none of the well-defined schemes of this sort were adequate here. A combination of forces with multiple vectors, including the powerful and youthful national bourgeoisie, the sensible military men, the patriot-intellectuals, the press emboldened in the late 1970's, and many other domestic components came into action, not to mention a common continental factor: the dismantling of military rule structures in neighboring countries.

What is often regarded as a subjective feature (although this may be debated) played a substantial role. This is the Brazilian concept of "conciliacao"—consent (there is no question that this loses a great deal in such a mechanical translation into Russian). In small and large tasks (the latter was demonstrated by Brazil's generally painless transition to civilian procedures), "conciliacao" has always helped Brazilian politicians to find considered and less "dramatic" means of resolving situations, even hopeless ones at times.

In the initial stage of the transition period, the "consent" coagulated on the basis of readiness to sweep aside what had to be eliminated in the life of Brazilian society. Chronologically, this could very likely relate to the election of a civilian president (although the "coagulation" process itself was under way long before this). The "conciliacao" was concentrated on the fact that Brazil should not return to the past instead. But the rules for the new game—the bases for "the legitimate Brazilian state"—were not worked out simply and immediately in these more than 3 years by any means.

The achievement of even relative unity now was much more difficult than the nearly universal realization of the necessity for replacement of the military system. After all, this involved a much broader spectrum of the new interests of various groups, strata, and even classes of Brazilian society which acquired the real right to self-expression (or as Brazilian politicians like to say, "articulation") of their positions under the civilian government. Indeed, it must be recognized that Brazil has been living under conditions of democratic freedoms in recent years: freedom of expression, assembly, to form political parties, access to mass media, and so forth. The more valuable for the nation the fruit of intensive labor (not without the same "consent")—the new Brazilian constitution.

After a first and still insufficiently close examination of the text of the constitution, which has just been made available, we can still say that the nation's best brains were not "racked" over it in vain. The document turned out to be sound and substantial, reflecting on the whole the basic democratic changes of the transition period. A radical breakup of structures did not take place in Brazil, of course, and the ruling class remained as before in principle. Such important questions of Brazilian reality as a more just redistribution of national wealth, elimination of poverty, overcoming the economic crisis, and the foreign debt problem were not resolved. But we

cannot help but see that the nation is being consolidated, it is beginning work on these problems and looking for ways to resolve them, and it is modifying the many previous approaches to the country's realities, doing all this by meeting the interests of the majority halfway.

In this connection, we must direct our attention to the thought expressed by M. S. Gorbachev at the Kremlin dinner given in honor of President Jos Sarney. Speaking of the timeliness of the Brazilian visit at the highest level, the Soviet leader related it to the fact that "both of our countries, each in its own way and under very dissimilar conditions, of course, have sought to reach new goals in the interests of our peoples and a just and peaceful future for everyone."

The basic provision, the Brazilians' national credo, so to speak, which is expressed in the new constitution (still smelling of printer's ink, in the traditional yellow and green envelopes, the booklets with the text of the constitution were in the possession of many members of the presidential delegation in Moscow) essentially has something in common with these words. The "legitimate democratic state" which Brazil has proclaimed itself sees its objective as "building a free, just and sturdy society, providing for social development, eradicating poverty, reducing social and regional inequality, and eliminating all forms of discrimination."

It is gratifying to note at the same time that the new constitution limits the powers of the executive, which were excessive at one time, and even shifts them to the advantage of the legislative power. The functions of the head of state have been reduced somewhat, but to make up for this, more of them stay with the National Congress.

Certainly Brazil has more new quests ahead, new public interests will emerge, the polarization of political forces has not come to an end, and the final picture of the system of political and public movements has not taken shape. A great deal of specific effort will be required for practical implementation of the new constitution's provisions.

Prepared by an "Economic Miracle"

What is the overall potential with which the new Brazil is struggling against all these problems? It appears that the folklore and soccer aspects of its reputation predominate now only in lightweight tourist guidebooks, but in serious tables of ranks this future power is confidently drawing itself up to high positions. It is not coincidental that in his speech in the Kremlin, J. Sarney gave a brief but large calling card for "the tropical giant" with just two indicators: Brazil holds eighth place in the world in level of economic development and third place in positive trade balance in the Western world.

To this we can add the no less eloquent fact that the Brazilian state of Sao Paulo alone is roughly equal to all of Argentina in its economic potential (indeed, it is the most powerful on a continental and a world scale as well)...

The machine building, electronic, electrical engineering, aircraft manufacturing, metallurgical, petrochemical, and a number of other sectors have a powerful modern scientific and technical base and technology aimed at the future. The agroindustrial complex, which is oriented chiefly toward exports, is gathering momentum—on a flexible, modernized basis as well. It “turns out” products using the traditional Brazilian crops which have been technologically regenerated as the basic raw material for their end product: coffee, soybeans, oranges and sugar cane. And the latter has given life to new production which has played a special role in solving the problem of energy sources, which there are not enough of in the country. It is not hard to guess that this refers to the celebrated Brazilian “alcohol program,” under which nearly half of the country’s motor vehicles have been shifted to alcohol. Brazilian specialists believe that even when national requirements for petroleum are fully provided through the country’s own resources (and Brazil is already close to this, incidentally), “the alcohol program” will be no less important.

Brazilians have made remarkable progress in the field of information science and computer technology as well. By taking advantage of the United States’ “know-how,” like the wheel which they did not have to invent themselves, experienced Brazilian scientists concentrated on turning out original national families of computers, primarily personal computers, whicahms down; and the Americans’ protectionist actions, which are essentially already being shifted from the commercial sphere to the political sphere...

Without going into other aspects of the problem, but just to illustrate the potential of modern Brazil, we have to mention the production of modern types of weapons and successful trade in them, in which the Brazilians have exerted pressure on well-known producers in the Western world. It is sufficient to mention that certain models produced calms down; and the Americans’ protectionist actions, which are essentially already being shifted from the commercial sphere to the political sphere...

Without going into other aspects of the problem, but just to illustrate the potential of modern Brazil, we have to mention the production of modern types of weapons and successful trade in them, in which the Brazilians have exerted pressure on well-known producers in the Western world. It is sufficient to mention that certain models produced by the Brazilian military industry are being purchased by the Western countries themselves (light aircraft, for example). It may be assumed that the Brazilians are preparing a breakthrough in nuclear power engineering and space research as well.

It is obviously difficult to pass over the subject of “the economic miracle,” a subject familiar to all those who are interested in Brazilian affairs, in our discussion; because chronologically it was precisely during this time that Brazil’s economic “leap,” which enabled it to “break loose” into the top 10 industrial countries in the West (in volume of the gross national product), took place. Without going into specific details on this phenomenon, we will limit ourselves to a general assessment of it and economize on ink, which is usually lavishly used when the discussion touches upon “the Brazilian miracle”... In any event, we will start with the ambiguity of this phenomenon.

Indeed, “the miracle” gave rise to social tension and intensification of property inequality, it led to “the poor getting poorer and the rich getting richer,” it was harmful to economic independence, and it “cultivated” foreign indebtedness. But at the same time, it was precisely during the years of “the Brazilian miracle” that the very industrial and technical foundation was laid which was responsible for Brazil’s distinctive achievement of economic parity—to borrow strategic military terminology—with the Western world. “Parity” enables it to conduct serious dialogue on a near-equal basis with the same Western creditors and even apply pressure to a certain extent. This takes place because Brazil is in a position to service its huge foreign debt through foreign trade receipts (the third place in a positive foreign trade balance mentioned by J. Sarney, in an absolute calculation, amounted to the impressive sum of 11.173 billion U. S. dollars in 1987. In 1984 and 1985, it was 13.090 and 12.486 billion, respectively). And this gives the Western banks stable payments and hence the opportunity to grant the credits so necessary to Brazil in return, as before. True, the well-known conditions of that same International Monetary Fund and the other unpleasant attributes that are very familiar to “Third World” debtors cannot be avoided here. But, alas, the lesser of two evils must be chosen...

On the credit side of “the miracle” we should enter the competent selection by its designers, primarily in the sense of long-term prospects, of the priority directions for development and strict implementation of these plans. We can now establish in retrospect that the forecasters of that time hit the mark in accordance with nearly all the positions. In our time, Brazilian products in the very fields that were “guessed right” are proving to be competitive on the world market, as a rule, if not in Western countries, then at least in third markets. The natural advantages of Brazil itself in its ability to adapt its commodities to a tropical version also have to be taken into account here. We can think on this basis about the prospect of a certain “sub-Western” level in capturing the markets of primarily southern countries.

Let us also note that the foreign investments (and even the Western banks and transnational companies themselves) that have been sent into the country freely and not without harm to the Brazilians have been utilized

efficiently all the same, with the same aim at the future. The system of imports, let us say, organized by the Brazilian "miracle workers," which permitted only the latest equipment, technology and licenses to be imported, in many respects ensured a most important aspect of quality, the up-to-dateness of an item. It is the latest equipment that was purchased and imported that Brazilian scientists and specialists have used to develop even newer items and often even original or unique quality.

And finally, a little about the human factor. It is common knowledge that Brazil, which has taken in the representatives of many nations and the various continents, has on the whole developed a healthy society in a racial sense. As Jos Sarney stated in Moscow, "with all our diversity, we have been able to preserve our unity." Brazil has acquired a "human alloy" from this diversity which provides talented researchers, executives, and managers combining the best of each nationality. What is most characteristic of them is a "lack of complexity," if you like, the absence of fear of everything new, whereas in old nations the old approaches are "respected" too much at times. In the boldness and even audacity of certain Brazilian projects—technical, architectural, and economic—there is something of the infinite eagerness for improvisation with which a Brazilian soccer player creates magic with a ball or a mulatto woman from Rio dances the samba in the carnival...

And with these qualities inseparable from Brazilians, "the miracle" involved its technocrat managers, the flexible and mobile ones, in searches for alternative opportunities advantageous for the country in the long term. These children of "the miracle," it appears, are now being freed (and perhaps they already have been freed) from the previous political and ideological restrictions in their improvisations. It has not been ruled out that this has enabled them to turn their eyes to the East in good time, in time for the expansion of our restructuring processes...

The New "New Horizons"

At one time the words "new horizons" could be seen in many Brazilian publications, especially of an advertising nature. The special issues of (MANSHETE) which were published on certain significant occasions, were noted for this, it will be recalled. Probably only now can we speak with complete seriousness not about advertising, but about the real international horizons opening before this promising country.

Even if we look at the importance which Brazil attaches to its foreign contacts, only from a formal point of view, we can see that its tersely formulated international philosophy has held a prominent place in the first section of the new constitution, called "Basic Principles," both in order and importance. In its fourth article, Brazil's adherence to the universally recognized principles of international relations

is proclaimed with complete clarity. Latin American priorities are mentioned especially in the article. "The Federative Republic of Brazil will seek to achieve economic, political, social, and cultural integration with the peoples of Latin America, aiming at the establishment of a Latin American community of nations."

It will not be an exaggeration to say that many provisions of the new Brazilian constitution are a unique advance payment for what still remains to be done. And the foreign policy postulates of this document already rest upon considerable work that has really been accomplished. It is easy to be convinced of this in summing up the results of President J. Sarney's visit to Moscow.

Admittedly, foreign policy topics were the most dynamic and comprehensive ones in the Moscow dialogue. Comprehensive because they led to the drafting and signing of a document which goes far beyond the limits of bilateral relations. Indeed, the "Declaration of Principles of Interaction in the Name of Peace and International Cooperation" signed by the leaders of the leading socialist country and the largest developing state in the Western Hemisphere represents a substantial contribution to the international process and in general, establishes a standard for the foundations on which friendly, mutually beneficial ties with equal rights between such different states can be built.

In all probability, it cannot be considered a coincidence that this declaration was signed by our two countries. As far as Brazil is concerned, it has traditionally spoken in the international arena in support of political dialogue and economic cooperation with all countries involving different plans—although the degree of activity and scope has varied. And lately, the organic connection between the new Brazil's foreign and domestic policy has stood out even more clearly. The foreign policy efforts of this country are being oriented more and more toward meeting its domestic needs. In the spirit of the new thinking, there is a growing awareness in Brazil that it is in a position to accomplish a number of its most important objectives only through an active international search for alternatives and solutions, which is always more extensive and productive than the individual approach, even if it concerns such a powerful country in many ways (especially in a potential sense) as Brazil. For example, this may involve the ecological danger, space research for peaceful purposes (both were discussed in Moscow), the search for alternative energy sources, and the struggle against diseases.

It is doubtful that Brazil's initiative on establishing a zone of peace and cooperation in the South Atlantic, which has already received international recognition, including from the USSR, could have emerged within the framework of a different approach. Apart from the nuclear-free status of the zone (which is very important

for this region in light of the Malvinas problem), this project opens the African vector of cooperation for Brazil, which can become an important component in the "South-South" line.

The Latin American direction in its constitutional wording, which was previously mentioned, is nothing other than Brazil's turn from a bipolar system of foreign relations (oriented to the West, and primarily to the United States) to a multipolar system, which promises a qualitatively higher degree of trust and equal rights in international processes with respect to its Latin American neighbors. As we know, the first specific steps here have already been taken through agreements with Argentina and Uruguay, and future prospects have been identified in the constitution.

As far as the "Eastern" considerations of today's Brazil are concerned, the concept of economic relationships on an "East-South" line, for which a request was made in Moscow, judging by materials on the Soviet-Brazilian meeting at the highest level, is easily blended with the "multipolar" system of its foreign policy "expansion." It received an approving response from M. S. Gorbachev, who stressed that such ties "could become the locomotive for making up a new and just world economic system." I think that this phrase has every chance of becoming popular, especially if such cooperation becomes a reality in international life.

In any case, the participants in the Moscow dialogue did everything in their power to establish a contractual and legal basis for rapprochement and for practical new steps in this area. They verified the readiness of both countries to extend cooperation and established their resolve to reject any form of prejudice—not only in the name of their peoples, but the entire world community.

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya Amerika", 1989

Chilean Communist Party Official Interviewed on Plebiscite Results

18070168d Moscow LATINSKAYA AMERIKA in
Russian No 1, Jan 89 pp 28-36

[Interview with Volodia Teitelboim, member of the Political Commission of the Chilean Communist Party Central Committee: "The Plebiscite Has Been Won, But the Struggle Continues"]

[Text] [Question] You were in Chile during the plebiscite. What are your personal impressions?

[Teitelboim] On the very eve of the plebiscite, the military junta, in a pre-election maneuver, announced the possibility that exiles who had been forced to leave Chile at one time may return. At this moment I was in Mexico and tried to get home then and there. It was stated in one of the government reports that persons deprived of Chilean citizenship will acquire it once again when they step on

Chilean soil, and I decided to risk it. So I returned to Chile. My first impression on returning to my homeland was the meeting with our people, with the leftist forces, with the party, and with the thousands of people who had gathered at the airport at that moment.

The people are the best thing there is in Chile. I have been convinced of this a thousand times. But I have also encountered the enemy. I ran into threats and immense provocations. On the occasion of my first press conference the dictatorship's propaganda incited a real row, in the spirit of the anticommunism of the 1950's. At one time the American playwright Arthur Miller said on returning from Chile that it was the most anticommunist and most anti-Soviet country in the world. He was referring to the ruling regime, of course, not the country and the people.

[Question] What are the basic reasons for the dictator's defeat?

[Teitelboim] As the elections came closer it became clear that all kinds of provocations had to be expected. The junta sought to frighten the people, to force them to say "yes." But as we know, these tricks failed. The people said "no" to Pinochet, and this was his strategic defeat, from which he won't recover.

He still remains in power in spite of the defeat. Democracy has not been restored. The power of the dictatorship continues. Pinochet himself has stated that he lost only one battle, not the entire war. But we believe that Pinochet has been condemned, and it is only a matter of time. He is dreaming about revenge by digging up the "constitution" of 1980 while he is in the "bunker." Under this "constitution," he remains in power until 11 March 1990 and as commander in chief of Chile's armed forces until 1997. There is no question that this is the principal danger hanging over Chilean democracy. Pinochet is seeking to minimize the importance of the "no" victory, and says even if he does not remain as president in the period that follows, everything else will remain unchanged in the country.

Nevertheless, the result of the plebiscite is of much greater importance than Pinochet is attempting to attach to it. The failure to elect an official candidate means not only the defeat of the dictator, but the dictatorship as well. The people are resolutely repudiating the entire fascist system and expressing the will of the majority—the restoration of democracy.

After 5 October 1988, Chile is not the country it was before, although the dilemma—democracy or dictatorship—still has not been resolved. The country is living between light and darkness. Hence there are a great many dangers as well.

The victory of the "no" supporters was the result of an alliance of many opposition forces: leftists, centrists and rightists. The "yes" vote won in the sections populated by the United Left coalition. Including the Communist Party. The warnings we gave long before the elections helped to prevent election forgery. The vigilance of the masses of Chile and the fact that the entire world was closely watching these processes helped to bring about the failure of election forgery. International solidarity played an important role in these events. About 300 observers and about 900 journalists, many of whom were treated barbarously by the police, came from various countries by the United Left coalition. Including the Communist Party. The warnings we gave long before the elections helped to prevent election forgery. The vigilance of the masses of Chile and the fact that the entire world was closely watching these processes helped to bring about the failure of election forgery. International solidarity played an important role in these events. About 300 observers and about 900 journalists, many of whom were treated barbarously by the police, came from various countries.

It looks as if Pinochet did not expect his defeat. The "court circles" concealed the true situation in the country from him. Plans were also being nurtured to respond to a "no" victory with a sudden coup. "Black Beret" subunits had been concentrated in the military schools. These are the most cruel, crack units who maintain blind loyalty to Pinochet; their commander, Zara, stated earlier that his "fighting ravens" are in full readiness to protect the regime and that "their blades are hardened and their talons are sharp." But these plans for a sudden coup failed as well, because the other members of the military junta did not give their consent: the representatives of the Navy, the Air Force, and Carabineros did not want to take part in this "game." Indeed, unanimity did not exist in the ground forces, either. Nevertheless, on the night of 4 November I myself observed stepped-up troop movements toward the center, actually occupying it. They were preparing a provocation: before the results of the elections are announced they wanted to attack the workers' districts and declare the triumph of the "yes" supporters in the plebiscite. The cause of this was to be statements by workers and simply their presence on the city streets at night. In the situation that had developed, the coalition of 16 parties came to an agreement, together with the parties of the United Left (including the Communist Party), to appeal to all the people not to go out on the streets in the center of Santiago this night. So the provocation was defeated. Santiago and other cities were deserted, but life continued within each house; everyone followed the course of the referendum on the radio (television, completely in government hands, gave one-sided information).

The first one to acknowledge the "no" victory was the Air Force commander, Fernando Matthei. And Pinochet was forced to acknowledge the results of the voting. The next day the streets of Santiago and all the country's cities were filled with the rejoicing masses.

Pinochet is swiftly going downhill, and the hour of his political demise has come. Even in bourgeois circles, as well as in the armed forces, his political base is shrinking. On the very night of the "yes" defeat, the leaders of the ultraright parties which had supported Pinochet until then declared their independence from him. Now the "no" slogan has been replaced by another appeal: "Democratization!" It signifies Pinochet's immediate retirement. The masses are demanding Pinochet's departure. Even the chairman of the Christian Democrats, (Aylwin), has stated that a situation in which the government has been defeated in elections and remains in power for another year, and even longer, seems absolutely irrational, morally unacceptable, and politically simply inconceivable to him.

Large sections of the public, and we are included, believe that it is necessary to continue efforts to repeal the constitution of 1980 for the process of democratization. We believe it is necessary to shift to the next stage: Pinochet leaves and universal free elections with a secret vote are scheduled in which all parties and all political forces must take part. Now, under Article 8 of the constitution in effect, we have parties that have been banned, precisely all the leftist parties. Including the Communist Party, the Socialist Party, and other progressive forces. We believe that the path to freedom is opened by mobilization of the masses. Definite successes have already been achieved on this path, particularly the recent release of Clodomiro Almeyda, chairman of the United Left and secretary general of the Socialist Party. But there are still many political prisoners in Chile whose release we are making efforts to attain. We are also demanding discontinuation of the proceedings against democratic journalists, and an end to the exile of Manuel Bustos, chairman of the Unitary Trade Union Center of Chilean Workers, as well as one of the leaders of this center, Arturo Martínez.

We are advancing the slogan of national consent and unity of all the people in the struggle for democracy. We conceive of this not only as a union of all opposition parties, but as the sum of efforts by all of society, all mass movements, and all sections of the working class, students, peasants, the intelligentsia, women, the entire population. But Pinochet is rejecting any changes. This is also confirmed by the recent changes in the structure of his cabinet, which now represents an assemblage of loyal, unquestioning lackeys of Pinochet. This has also been demonstrated in the speech he delivered after he got himself up in his general's uniform once again, when he stated that his "route" outlined in 1980 remains unchanged. "Our goal," he added, "is to strictly adhere to the spirit and letter of the constitution of 1980."

He rejects any changes. Every possible reinforcement of unity is required in this situation, naturally: all of the opposition should realize the necessity of continuous public mobility in order to defeat the dictator decisively. This is why the struggle in Chile is continuing. Times, days, and months of great importance are coming for the

Chilean people: the struggle will be bitter and painful. And our people need the international support that has been demonstrated so magnificently over these 15 years, especially in connection with the holding of the plebiscite.

[Question] What is the social composition of those circles that made up the more than 40 percent voting for Pinochet?

[Teitelboim] This is an important question—the social analysis of that section of the people who voted “yes.” It certainly needs to be conducted, because the “yes” was given to Pinochet by a significant part of the population, and it includes not only those for whom the dictatorship showed kindness or consideration.

It is obvious that Pinochet is taking advantage of support in the most reactionary circles of society: Chile is a paradise for the very rich. And this minority is resolutely inclined to maintain its position. The military circles in Chile also constitute an electoral “support” for the dictator. The country’s armed forces have increased in number, and they hold a very privileged position compared with the civilian population. This is related not only to the fact that they have been proclaimed the protectors of the nation, but they have also received a number of benefits which have enhanced their economic situation considerably.

Soldiers were registered in special election sections for the vote in order to make it easier to monitor them. In certain sections only the military voted. Any “no” ballot could become grounds for persecution.

But there are also certain circles among the poor who also voted for Pinochet. Part of the middle strata are here as well. All this must be analyzed; there are reasons for all this. Let us begin with the overall atmosphere of fear which has not completely dissipated yet. For 15 years, day and night, the Chile of the past was portrayed by all the mass media, television and radio as unbearable chaos, killings, disorder, and so forth. Throughout the world there are politically backward people who have been subject to the most incredible notions disseminated by propaganda. But there is also a phenomenon called “clientelism” in the language of political terms. It covers a broad range of persons who receive different little sops from the authorities and states. A wide campaign of “conscience bribery” was undertaken in Chile which we called “cohecho”: the voter was paid money only if he voted for the person they “wanted.” In the past 2 years the television channels publicized extensively how Pinochet traveled around to a great many cities, how he kindly dispensed favors and handed over the keys for new apartments to the poor. And they endeavored to represent all this as typical occurrences.

Pinochet came to believe in these methods so much that he was convinced he would win. Our victory was all the more significant because we had to overcome all this.

And the impression is created that Pinochet’s political base is shaky. On the night of the dictatorship’s defeat, business owners called together something like an organizing committee and issued a declaration stating that they are once again maintaining independent positions and agree that many persons in the country need changes. Thus they turned their back on Pinochet. If the plebiscite were held today—this opinion predominates in the country now—the overwhelming majority would vote “no!” as a result. And this is not an illusion.

[Question] What is the status of the opposition forces after the referendum? How are relationships between the United Left and other detachments of the opposition taking shape?

[Teitelboim] These questions also are of decisive importance in the course of the struggle for democracy. There are three oppositions in Chile: the leftist opposition, the centrist opposition, and the rightist opposition. They hold a different position in a political and social sense. But from the juridical, legal, and constitutional viewpoint, there are only two oppositions. One opposition is legal, provided for under Pinochet’s constitution, and one is illegal, declared outlawed and condemned in accordance with the basic law. The former has the right to nominate candidates, to have its own premises, to enjoy the legal rights to enter and leave the country, and to make statements. The second opposition has been deprived of these rights. This is made up chiefly of the parties in the United Left.

We in the United Left have always raised the question that we all must unite, all the opposition groups, based on the fact that we have a common denominator in spite of our differences on many points—we are all against Pinochet. But the tendency in the center and among the rightist forces has been to exclude the leftists, primarily the communists. This is the result of the aspiration to occupy dominant positions in the political structure of the new regime. They would like to rid themselves of the leftists as possible competitors in the future. They are also taking the armed forces’ anticommunism into account.

In spite of all these difficulties, we are insisting on the need for agreement and consent. It was achieved on the eve of the plebiscite, and we would like to support and develop it now and henceforth in the process of the country’s democratization.

Regarding relations between the group of 16 parties and the United Left. On the whole, the 16 parties attach more significance to negotiations with the regime and the armed forces than to social mobilization. But we believe that these elements supplement each other and one cannot be replaced by the other: they should be summed up and merged together. For this reason, consent and rapprochement are absolutely essential. In this sense we do not rule out one opposition force; on the contrary, we seek harmony.

[Question] Does the present constitution permit Pinochet to be nominated as a candidate in the next elections?

[Teitelboim] At some point, Pinochet's supporters would willingly wring the neck of their own constitution by maintaining that he could be nominated in the presidential elections (if he went into retirement several days before the end of his rule and presented himself as a civilian candidate). But this is essentially sophism, a juridical subterfuge, which well-known scientists, experts in the law and jurisprudence, have rejected as impossible. A group of the dictator's lackeys whom they call "Pinochet's missionaries," have suggested something even more "picturesque" in view of the impossibility of nominating him—that the dictator's wife be nominated. These are all desperate and ridiculously vain attempts.

[Question] How has the Communist Party's position evolved before the plebiscite and after it?

[Teitelboim] I believe that the basic political line of the Communist Party remains unchanged: the tactical methods and nuances in our policy change and should change with respect to the changing political situation. Because in the final analysis you have to think in political struggle not only about yourself, about what your party needs; the positions and maneuvering of your opponent must be taken into account as well. The entire picture, the entire political spectrum, must be taken into consideration. Our political line is determined by two factors which should be integrated: the search for unity of all the opposition and—as a substantial element in this struggle—continuing social mobilization.

[Question] Is the "popular uprising" a concept of current interest?

[Teitelboim] Many have mistakenly commented on this as a militarist concept. The popular uprising is not an assault on the government, and it is not the "seizing of the Winter Palace" or La Moneda; we do not interpret this as a synonym for the beginning of a revolution. Although in certain cases it could serve as the first phase in bringing revolution itself closer. It is a popular uprising against fascist dictatorship and for freedom and democracy. It is a phenomenon which takes many forms and in which widespread street demonstrations by the masses are very important. As precedents we can cite the movement against Marcos in the Philippines, as well as actions by the people in Latin American countries which have put an end to military dictatorships. I believe that the people have the right to self-defense. And we are not opposed to the people defending themselves; on the contrary, we consider this a sacred and legitimate right. But actions of this sort should contribute to development of the entire political movement as a whole, not harm it.

[Question] How does the Communist Party assess the actions of the Manuel Rodríguez Patriotic Front?

[Teitelboim] There has been a split in the Patriotic Front. Certain members prefer armed actions exclusively, without attaching the proper importance to political means. We do not agree with such a position. We believe that a political approach to problems and situations is most important. Within these problems a military approach may play an important role at times, but subordinate to political factors. After all, it is not the rifle that commands policy and the party, but the party and policy that command the rifle. The question of the possibility and necessity of armed actions is very important, because armed action in itself is sometimes very successful and can lead to the opposite effect and not contribute to achievement of the basic political objective.

The struggle of all civilian society for a change in the positions of the armed forces is very important in Chile now. After all, Pinochet is kept in power only because the Army still supports him.

And it is necessary here that all of society appeal to the Army, from soldier to general, by persuading them that they cannot set themselves off against the will of all the people that was clearly expressed in the plebiscite, just because of the ambitions of one individual. And we must shout about this! If millions of people make this appeal to the soldiers, Pinochet's position will be weakened appreciably.

[Question] What is the attitude of economic and political circles in the United States to the situation in Chile?

[Teitelboim] The assertion that the United States has the strongest influence on events in Chile is a commonplace. It is manifested secretly and obviously, such as in a number of statements by the State Department which are not particularly favorable to Pinochet, despite the fact that it was precisely American imperialism that was the "father" of the Pinochet regime. For 15 years the dictatorship faithfully served imperialism, particularly the transnational corporations, and closely followed all the instructions from the Pentagon, which is very interested in this small country with such a long coastline. The "Unita" maneuvers, with participation by American naval forces, were being conducted at the same time that the plebiscite was held. America's worldwide banking and financial world supported Pinochet more than anyone. But they also came to the conclusion that this lemon, which was so juicy at one time, has been squeezed nearly to the last drop. Pinochet is finished, and for this reason they need to look to the future. And Chile's future (from their point of view) can be either Pinochetism without Pinochet, or a conservative, democratic (fairly) government which would observe American interests first of all and not change the economic model shaped in accordance with Friedman, which favors the transnational companies; they also want it (the government) not

to change the position of subservience to the Pentagon and to retain the tactic of excluding the communists from political life. They are now actively playing this very card.

We seek to ensure that our country's fate is not determined from abroad and that Chile itself and its people determine its own destiny.

I am returning soon to my homeland. Many political leaders are returning now, because in the final analysis, the struggle in Chile requires the participation of all its sons; crucial days are coming, and I look upon them with optimism, in the belief that they will be crowned with democracy and freedom.

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya Amerika", 1989

Economic Dependence of Developing Countries
18070168e Moscow LATINSKAYA AMERIKA in Russian No 1, Jan 89 pp 37-42

[Article by A. P. Karavayev: "What Economic Independence Costs"]

[Text] According to data from the research group headed by the noted scientist and Nobel Prize winner (Jan Tinbergen), in the middle of the past decade "the systematic discrimination and defects in the institutional structure of the international economic system" have been causing the developing countries to lose 50 to 100 billion dollars every year.¹ In turn, A. (Gunder) Frank, professor of political economy at the University of Amsterdam, estimated the financial losses for the 1982-1986 period at 500 billion dollars,² that is, roughly 100 billion dollars a year. "The Third World countries," Frank emphasized, "are being exploited just as in colonial times, but with one difference: while the resources were pumped out in a thin stream before, we are observing a virtual bloodletting today." Let us also try to determine what its unequal and dependent status in the world system of capitalist economy costs the Latin American region.

The huge increase in the foreign debt, the total commitments for which (including interest and payment on the principal) amounted to 55 to 65 billion dollars annually³ in the 1982-1986 period, has become one of the most important instruments for financial exploitation of the region since the early 1980's. Another 4 to 6 billion dollars were demanded of the Latin American countries to guarantee the legal export of profits for direct foreign investments.⁴ They suffered a very high loss as the result of unfavorable changes in world prices; in the 1982-1986 period, this loss totaled 78.2 billion dollars (in 1980 prices), that is, an average of 15.6 billion per year, according to our calculations. The flight of capital abroad gathered momentum in this period as well, reaching 10 to 15 billion dollars annually. On average for the 5-year period from 1982 to 1986, the amount of neocolonialist tribute paid by Latin America was on the order of 93 billion dollars a year. At

the same time, the region's share in the total sum of the developing world's financial losses, predetermined by foreign dependence, was no less than 42 to 45 percent, although Latin America has only 17 percent of the population and 38 percent of the combined GNP of the developing countries.⁵

At the same time, it also has to be kept in mind that there is one more category of losses which do not lend themselves practically to measurement in monetary form. This is chiefly the mass deliveries to developed capitalist countries of fuel and mineral raw material, draining national supplies of nonrenewable natural resources, and the harm inflicted on the environment (the soil, forests, reservoirs, the ocean of air) by commercial agriculture oriented for export or the ecologically harmful industrial facilities transferred to developing countries.

Despite their partial industrialization, the Latin American countries, like the developing world as a whole, continue to fulfill the traditional role as the suppliers of raw material and energy in the capitalist economic system. In particular, the developing states' share in the world production of raw material and international trade in it (especially products of the extractive industry) continues as before to be much more significant than their own proportion in the overall economic indicators of the capitalist economy. While the developing countries account for 14 percent of the output of the processing industry in the nonsocialist world, they account for 58 percent of the output of the extractive industry and 55 percent of the exports of mineral raw material, metals, and energy sources. The developing countries' participation in the extraction and export deliveries of oil and natural gas is even greater (approximately 70 percent). This is also typical for Latin America. Its relative share in raw material production and raw material exports in the nonsocialist world is 1.5 to 2.1 times higher than its participation in the overall physical production of the capitalist world (See Table 1).

Table 1
Relative Proportion of Latin American and Other Developing Countries in the Production and Export of Products of the Extractive Industry and Agriculture in the Nonsocialist World, in Percent⁷

	Latin America	Other Developing Countries	The Entire Developing World
All physical production (annual average, 1981-1985)	7.9	15.8	23.7
Processing industry (annual average, 1981-1985)	6.7	7.3	14.0
Extractive industry (annual average, 1981-1985)	11.8	46.0	57.8
Agriculture (annual average, 1981-1985)	13.3	39.6	52.9

Table 1
Relative Proportion of Latin American and Other Developing Countries in the Production and Export of Products of the Extractive Industry and Agriculture in the Non-socialist World, in Percent⁷

	Latin America	Other Developing Countries	The Entire Developing World
Exports of mineral raw material, metals and fuel (1984)	12.6	42.3	54.9
including:			
—mineral raw material and metals	9.3	11.1	20.4
—fuel	14.0	54.9	68.9
Exports of foodstuffs and agricultural raw material	13.8	18.1	31.9
including:			
—foodstuffs	16.6	16.4	33.0
—agricultural raw material	4.6	23.9	28.5

To a large extent, the raw material specialization maintained by developing countries is reflected by the commodity structure of their exports, dominated by agricultural products, mineral raw material, fuel and metals; in Latin America, these commodity groups account for four-fifths of the value of exports; they account for two-thirds of the value for other developing countries.⁶

The exports of raw material, including the nonrenewable kinds, continue to be the most important source for

developing countries to obtain the foreign exchange necessary both to meet import requirements as well as to pay off the increasing financial commitments for the foreign debt and direct investments. The acute shortage of the means of payment compels the developing countries to speed up the production and export deliveries of raw material and fuel, which in turn contributes to a relative decline in the prices for raw material and at the same time, accelerates the exhaustion of the supplies of nonrenewable natural resources in the developing world. For example, each new increase in payments on the foreign debt by 1 billion dollars forces the Latin American countries to export an additional 4.2 to 6 million tons of mineral and agricultural raw material.⁸ And inasmuch as the region's debt obligations rose in the 1980-1984 period by more than 30 billion dollars, the actual requirement for additional raw material deliveries increased by many millions of tons over a corresponding period.

The problem of international prices is an important aspect of raw material exports.

The data in Table 2 confirm the thesis on the overall trend toward a relative decline in world prices for raw material, compared with finished products. In particular, the data covering a 106-year period show that less than 40 years have been more or less favorable for the producers and exporters of raw material.

Table 2
Dynamics and Correlation of World Export Prices for Raw Material and Finished Products (1876-1880 = 100)⁹

Years	All Commodities	Raw Material (including liquid and solid fuel)	Finished Products	Exchange Coefficient of Raw Material (in Relation to Finished Products)
1886-1890	78.6	75.0	84.2	89.1
1900	83.3	75.0	97.4	77.0
1913	97.6	95.5	102.6	93.1
1928	123.8	120.5	139.5	86.4
1932	64.3	50.0	89.5	55.9
1938	92.9	75.0	123.7	60.6
1948	242.9	254.5	250.0	101.8
1950	211.9	222.7	213.2	104.5
1951	257.1	275.0	252.6	108.9
1960	238.1	229.5	260.5	88.1
1970	269.0	245.5	307.9	79.7
1973	378.6	447.7	410.5	109.1
1974	535.7	756.8	500.0	151.4
1975	581.0	743.2	565.5	132.6
1980	998.2	1317.7	885.9	148.7
1985	867.7	900.8	759.0	118.7
1986	—	615.4	704.0	87.4

Since the beginning of the last quarter of the 19th century and up until the start of World War I, a steady trend was observed toward an absolute and relative

decline in the prices for raw material. The purchasing power of the latter with respect to finished products dropped by more than one-third as much.

During World War I and the postwar stabilization (1913-1929), the correlation of prices for raw material producers improved somewhat, but on the whole its purchasing power was lower than in the last quarter of the 19th century.

The 1930-1938 period—the years of great crisis and depression—were the worst for producers of raw material, but the final stage of World War II, the years of postwar restoration, and the war in Korea (1943-1953) were exceptionally favorable for them.

A trend toward worsening of the correlation of world prices for raw material producers was observed once again in the 1954-1970 period.

The 1973-1982 decade saw a rise in prices for raw material which resulted in connection with active attempts by its producers, especially the oil-exporting countries, to change the conditions of international economic cooperation in their favor.

A drop in prices is observed once again in the 1981-1982 period, with a particularly sharp decline since 1986.

Owing to the raw material crisis and the significant rise in the price of energy sources and certain other raw material commodities in the middle of the last decade, these prices have become more compensating, in the opinion of a number of economists. In our view, however, the changes in the pattern of world prices only partially and temporarily checked (for 8 to 12 years) the general trend toward a relative decline in the prices for raw material—compared with finished products.¹⁰ A really major gain was acquired in the 1974-1985 period owing to the new pattern of world prices—according to our calculations, on the order of 900 billion dollars (in 1973 prices)—mainly by the 20 developing countries who export oil, at a time when this period, except for 3 to 5 more or less good years, was unfavorable from the viewpoint of commodity exchange for the overwhelming majority of the other states in the "Third World." The level of world prices for raw material, including liquid fuel, dropped particularly sharply in 1986, and the relative purchasing power of raw material with respect to finished products dropped compared with the preceding year by 27 percent and was 13 percent lower than in the 1876-1880 period (See Table 2).

The mass deliveries of cheap raw material, and chiefly oil, from the developing countries, paid for almost symbolically—only 10 dollars a ton, contributed in large measure to the rapid growth of the economic potential and material prosperity of the developed capitalist states in the period between the late 1940's and the early 1970's. Indeed, even the current 15 to 20 sharply depreciated dollars for a barrel of oil (105 to 140 dollars a ton), the national supplies of which will be exhausted in 20 to 40 years, can hardly be considered as a compensating price for such a valuable raw material.

Thus the scope of financial and other losses by Latin American countries and other regions of the developing world, which result from foreign dependence, increased considerably with the approach of the current decade.

Footnotes

1. (J. Tinbergen), "Peresmotr mezhdunarodnogo porjadka" [Reconsideration of the International Order], Moscow, 1980, p 37.

2. The components of this sum: payments for direct investments and the use of technology, 100 billion dollars; losses resulting from a drop in export prices, 100 billion dollars; withdrawal of capital, 100 billion dollars; and payment on foreign debt, 200 billion dollars, including 135 billion by Latin American countries. In our view, however, this estimate, especially in the part concerning payments on the foreign debt and the trade conditions, is too moderate.

3. Latin American countries have managed to pay off roughly 50 percent of current debt commitments with funds really economized (mainly through an active trade balance); the remaining part, as a rule, has been refinanced by agreement with creditors. Data on payments on the foreign debt and direct investments are cited in accordance with: BID [presumably: Inter-American Development Bank], "Progreso economico y social en America Latina. Informe, 1987" [Report for 1987 on Economic and Social Progress in Latin America], Washington, 1987, pp 10, 478.

4. The actual sums, in all probability, were more substantial, since a significant part of the profits is taken out with the help of so-called transfer prices, that is, by falsifying commercial invoices and other financial manipulations where there are mutual deliveries and payments between Latin American branches and the home offices of transnational companies.

5. According to other data, for example, from the UNCTAD statistical yearbook, the amount of neocolonialist tribute paid by Latin America in the 1981-1984 period reached an average 84 billion dollars annually (without taking the losses from the flight of capital into account), which constituted 60 percent of the "Third World's" financial losses. UNCTAD, Handbook of International Trade and Development Statistics, 1986. Supplement. New York, 1987, pp 258, 259.

In the 1950-1961 period, the total loss to developing countries resulting from the worsened correlation between world prices and the transfer abroad of profits and interest by foreign companies and banks reached 13.1 billion dollars, according to the estimates by R. (Prebisch); Latin America accounted for 10.1 billion dollars, or 77 percent of this. R. (Prebisch), "For a New Trade Policy Providing for Development," BIKI [Bulletin of Foreign Commercial Information], 1961, Appendix No 1, p 16.

The relatively low proportion of other regions in the overall sum of the developing world's financial losses is by no means a testimony without reservation that they are being exploited less than Latin America by foreign forces. Many developing countries in Asia and Africa (and even entire groups of countries) are paying neocolonialist tribute chiefly by deliveries of mineral raw material and fuel, that is, by exporting nonrenewable resources, usually at prices which account only for the costs of extracting them.

6. UNCTAD, *Handbook of International Trade...* op. cit., pp 70-82.

7. Ibid., pp 70, 72, 74, 82; B. M. Bolotin and V. L. Sheynis, "Ekonomika razvivayushchikhsya stran v tsi-frakh" [The Economy of Developing Countries in Figures], Moscow, 1988, pp 75-77.

8. Calculated according to the system used by Mexican economist J. Schatan, which used a "basket" of the 18 most important raw material commodities in Latin America to figure the region's potential raw material exports. The averaged price of 1 ton of raw material was equalized in 1983, according to Schatan's estimates), at 191 dollars. J. Schatan W., "Amrica Latina. Deuda externa y desarollo: un enfoque heterodoxo" [Latin America's Foreign Debt and Development: An Unconventional Approach], INVESTIGACION ECONOMICA, Mexico, 1985, No 171, p 316.

By 1986, however, the average price of 1 ton of raw material exported by Latin American countries, in connection with the reduction of prices for the appropriate commodities in the international market, dropped by 30 percent, that is, to 134 dollars. The requirements for additional exports of raw material were calculated both in 1983 prices (the first figure) and 1986 prices (the second figure), taking into account the fact that the relative proportion of raw material in the current pattern of Latin American exports amounts to 80 percent.

9. IMF. "International Financial Statistics. Supplement on Price Statistics," Washington, 1986, pp 3, 18-33; UNCTAD. *Handbook of International Trade...* op. cit., pp 46-49; P. I. Khvoynik, "Mezhdunarodnaya kapitalisticheskaya trgovlya" [International Capitalist Trade], Moscow, 1977, p 12.

10. The existence of this trend is shown by a number of studies. One of them, for example, was published in 1950 by the UN expert (J. Zinger), who analyzed data from the 70 preceding years. See COMERCIO EXTERIOR, Mexico, 1980, No 8, p 847. The noted Soviet specialist on international trade problems, P. I. Khvoynik, arrived at similar conclusions. See P. I. Khvoynik, op. cit., pp 32, 287. We continued the statistical columns in this monograph, and the results obtained once again confirmed the long-term trend toward a change in the pattern of world prices in favor of the producers of finished products.

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya Amerika", 1989

Unity of Leftist Forces Discussed, Part III (Conclusion)

18070168f Moscow LATINSKAYA AMERIKA in Russian No 1, Jan 89 pp 43-61

[Conclusion of three-part series with discussion participants S. I. Semenov, candidate of historical sciences, Social Sciences Institute; T. Ye. Vorozheykina, candidate of historical sciences, IMEMO [World Economics and International Relations Institute]; B. M. Merin; V. N. Grishin, candidate of historical sciences, ILA [Latin America Institute]; and A. V. Kharlamenko, candidate of historical sciences, Higher School of the Trade Union Movement imeni N. M. Shverni: "Leftist Forces: Unity and Diversity"; Part I appeared in JPRS-UIA-89-002 30 Jan 89; Part II appeared in JPRS-UIA-89-004 10 Mar 89]

[Text] S. I. Semenov:

Not Only Thinking, But Acting in a New Way

I am inclined to agree with Maydanik's thesis that the problem being discussed is not the most pressing at this moment. Perhaps the most pressing problem is the rallying of all democratic antimilitarist forces. I would like to direct your attention first of all to the fact that change, the sharp change in external conditions is leading to the regrouping of social, class, and political forces in Latin America and is compelling us to look at all the problems of the unity of leftist forces from an entirely different point of view. In Latin American studies as well, we must reject the old political and social thinking and try to look at the unity problem differently, not how we did in the 1940's, 1960's and 1970's; after all, the situation in the world, including Latin America, has changed radically. And we must try to find a new approach to these problems. First of all, the situation with respect to the continent's integration into the modern world has changed under the influence of the extension of the scientific and technical and the "green" revolutions to Latin America, and the ecological and demographic situation has become very acute lately. And it is quite impossible not to take the influence of these factors on the disposition of forces and their positions into account. Unfortunately, the communists and the leftist forces in general have been tied up somehow in old problems and are having a very difficult time trying to understand the problem of the threat to man's survival. In the military-strategic aspect as well as the ecological and demographic aspects, this threat hanging over the Latin American peoples is becoming more and more real.

For this reason, I would look at the problem of the characteristics and assessment of the leftist forces in the current stage differently now. The population of Latin America is being made more and more marginal on a

really colossal scale under the influence of those factors which have been mentioned a great deal here. And it is completely natural that a natural protest is developing among the marginal population who have been put in the desperate conditions of genocide and ethnocide, which are an important element in the strategy of the most reactionary forces of imperialism in modern Latin America. I myself have witnessed how they are exporting children from Peru, from the Indian regions, for sale in the United States and West Germany. Precisely from those regions where military operations are being conducted by the Peruvian Army. It is terrorizing the population, and Indian children are being sold for high sums to the United States and Western Europe. It is no coincidence that from 12 to 16 percent of the people "vote" for the "Sendero Luminoso" in these regions. This is a mass movement, and the "Sendero Luminoso" expresses a reaction to the genocide which prevails in these regions in extreme and extremist forms. The "Sendero Luminoso" can hardly be related to the leftist or the democratic forces. But the point is that these forces—no matter what we call them—are expressing the protest of rather broad social strata that have been put into extreme conditions. And they are being created very deliberately.

To a considerable extent, this phenomenon is the result of incompleteness of agrarian reform. This is completely obvious. But a similar situation is observed not only in Peru, but in Central America, Colombia, Brazil, and Chile. For this reason, it is not enough to evaluate leftist extremism on the continent from purely ideological positions. It is important to bring to light the causes that gave rise to it. And if imperialism is taking this phenomenon into account in its strategy, we cannot disregard it in our alternative strategy, either.

Now several words about the approach to the problem of unity itself. Under conditions in which mankind's survival is threatened, unity of efforts by a very broad spectrum of social and political forces is required, and the previous division into the traditional leftists and rightists, which historically has a specific meaning, is now beginning to lose its real content. And the problem now is not in the unity of leftist forces, but the interaction of those who earlier considered themselves leftists and rightists in the name of ensuring this survival.

Retort: Do you believe in "interaction" between leftists and the senderists?!

[Semenov] Yes, we have to interact with the senderists as well. That is, this interaction assumes there is a very complex system of struggle in a class cross-section, so to speak, and interaction on a different vector—from the viewpoint of providing for the conditions for survival. At the same time, the forms of conducting the class struggle should be changed, inasmuch as the values common to all mankind have unconditional priority in this case. Of course, rejecting the divisions into leftists and rightists that are customary for us is incredibly

complicated in this sense. This will require a fundamental change in psychology and policy, and even that chaotic condition of fronts and coalitions of leftist forces which we have correctly mentioned here reflects simply a new objective reality. It does not depend on the will of communists or other forces. The problem lies in the fact that a new vanguard is actually being formed under these conditions. And precisely those social groups and strata which are on the edge of progress should be represented in it—the vanguard to ensure survival under the new conditions. Namely, the working class of the advanced sectors, engineering and technical personnel, and farmers and cooperative members. Of course, we have observed—I do not regard the problem of unity so pessimistically—quite stable organizational coalitions of leftist forces for decades in four or five Latin American countries, where they have existed quite safely in spite of reversals in the struggle and probably will continue to exist for a long time. But at the same time, these coalitions—although they are also quite an important political factor and are already a part of the society's political system—are not a determining factor in the sociopolitical development of these countries and will not be in the coming years, probably not until the end of this century. Under these conditions they will have to resort not so much to the strategy of direct actions, which we have long been accustomed to in Latin America over the past centuries, and especially the past decades, as they will need to work out a strategy for indirect actions. Actions which could ensure survival and provide for the implementation of urgent sociopolitical, economic, cultural and other reforms when there is a practical balance of forces. But these reforms should be not simply the product of direct actions by a leftist coalition or a democratic coalition. As the result of a strategy of indirect actions, a complex balance of forces should be formed in which the very logic of the political struggle would be that neither the transnational corporations nor the Latin American military forces—both rightist and leftist—would be in a position to sabotage these reforms, but would be compelled to take part in carrying them out.

There has been a very interesting discussion here about the internationalization of national movements. This process is inevitable and objective in nature. It is common knowledge that the most skilled section of Ecuador's working class is employed in enterprises in the United States. This involves about 300,000 people. They are working mainly in Texas and Florida. I believe that most of the proletariat in Central America and the Caribbean basin are also working in the United States. As we know, many Dominican, Puerto Rican, and Salvadoran workers are employed in the United States. A large number of Colombian workers are employed in Venezuela, Bolivian workers are employed in neighboring countries, and so forth. This is a very large problem in general, which we have not been specifically studying thus far, incidentally. And here as a result of the internationalization of the working class, the ITR's [engineering and technical personnel], and scientists in general,

"reverse," localized tendencies find a breeding ground among the population that has been put in a marginal condition. Unfortunately, the "leftists" are turning out to be the bearers of the worst traditions of localized ideology to a significant extent under these conditions. And I saw an example of this during a recent trip to Bolivia, when the miners' struggle was interpreted by the many "leftists" as totally in the traditions of Luddism. And for this reason the leftists have not been able to go beyond the borders of their country and have not been able to offer any really practical, alternative plan. Objectively, this has put them in reactionary positions.

Something may be achieved by some kind of a system of compromises, and very complicated ones. The problem is that there are political forces whose activity is aimed not at survival, but at destruction. And this may be applied to an equal degree to the "Sendero Luminoso" ideologists, by the way. The point is to bring elements of the new thinking into the people's consciousness and into social and political practice and to work toward harmony on the local, nationality and regional levels by relying on the experience of the masses themselves and on mobilization of public opinion in a given country and the entire world.

I am not speaking about an "alliance" with the "Sendero Luminoso." The strategy of indirect actions implies that an opponent is put in objective conditions which force him, even against his will and traditions, to adopt the new thinking. The strategy of indirect actions cannot be reduced to a sermon. It includes a system of economic, political (including military when necessary), ideological and psychological operations to ensure a nuclear-free, secure and universal peace.

Elements of the new political thinking are becoming more and more apparent in political practice in Latin America, including in the activity of the Argentine communists. The point is that recent events in Argentina have compelled the leftists to view this entire problem in a new way. It is quite obvious that there were various approaches, including extremist ones, at the 16th Communist Party Congress. But the party is working out a policy that is well-thought-out and realistic. It is reflected in the congress' decisions and the subsequent documents.

The Argentine communists are carrying on an argument with the extremist views which are reflected in a number of MAS ("Movement Toward Socialism") documents, for example. They are arguing very vigorously, struggling at the same time for unity of actions based on principle. The communists are engaged in an interesting dialogue with the Socialists, Christian Democrats, the "Intransigents," and of course, with the Radicals and Peronists, which are supported by the majority of the population, including the working class.

Now on the elements of new thinking. Totskiy made an interesting comment here on the practice of Brazilian communists. It is quite obvious that elements of the new

thinking are seen in approaches by the Mexican Socialist Party, the Haitian communists, and communists in Uruguay, Chile, Costa Rica, Ecuador, Colombia, and other countries.

Retort: You mentioned internationalization, a kind of migration by huge masses, hundreds of thousands of workers. But this is one side of the problem, one aspect. There is another one—consolidation of national consciousness, the national state. The world is not unidimensional.

[Semenov] Of course, diversity is reality. But it is precisely our dogmatists who have propagated the unifying idea. They thought that everyone would be split into the proletariat and the bourgeoisie, into imperialism and socialism, and that everything would be clear. The principle of two camps: one against the other. A new system of coordinates should make its appearance. An ideological, social and political struggle will take place in it on a certain level. On other levels interaction will be achieved. For this reason, I cannot agree that you have ascribed Plimak's thesis about the atrophy of the class vector to me. In my view, it is a long way until this. I cannot agree that we can sit idly by in the face of violence. Especially armed violence. They will massacre and annihilate you, and you will sit idly by and speak about nonviolence. This is what I cannot agree with. But at the same time, it is necessary to take into account the dialectics of the class struggle and survival. So we will be conducting this struggle in one direction. The problems of forming a revolutionary vanguard, which were discussed earlier and which are already having an effect in the political life of a number of Latin American and Caribbean countries, will come to light right here. On the other hand, we have been put into conditions in which we not only have to think in a new way, but act in a new way as well. Previously we could allow ourselves the luxury of thinking, but not acting, in a new way. But now, whether we want this or not, the necessity of not only thinking, but acting, in a new way has been dictated by objective life. And here it would be most interesting in this discussion, I think, to find elements of the new political action really practiced by communists, other leftist forces, and democratic forces, forces which we sometimes regard as the rightist camp, and there are very interesting movements and groups in it. I would particularly like to mention the ecological movements which may interact with us.

T. Ye. Vorozheykina:

Proceeding From the Realities of the Revolutionary Process

In order for the new political thinking to be really new, it is not enough just to change the "badge" of old thinking by retaining its hierarchic nature. But it takes place

precisely this way in many interpretations: while previously the priority objective was the victory and advancement of socialism throughout the world, and everything else, including the cost of revolution and the quality of this socialism, was secondary, the priority goals now being advanced are survival and the values of all mankind, often interpreted as maintaining the status quo at any price (and it is precisely this position that is really upheld in Plimak's article¹ and in a number of other articles), in order not to permit deterioration of relations between the great powers, which is fraught with the danger of nuclear catastrophe. In order for the new thinking to be really new, in my opinion, it should reflect the plurality of the modern world: values cannot be those of all mankind without taking into account the real interests of the majority of mankind living in developing countries. The problem of mankind's survival cannot be reduced to the prevention of nuclear and ecological catastrophe alone. Survival should be survival for everyone besides, and consequently, it assumes there is a struggle against starvation and backwardness in equal measure. The concept of a contradictory, but integral and interdependent, world inevitably includes the right of each people to select their own path, including by going beyond the limits of capitalism in those countries where it is not solving the basic problems of social development: overcoming starvation, backwardness, and reduction of the majority of the population to a marginal status. If Latin American leftist forces and communists, in particular, are offered an obvious or veiled rejection of revolution and a line of retaining the status quo under the guise of the new thinking, on one hand, it will not be surprising if they remain deaf to such "new" thinking, but on the other hand, there is nothing new in this—the Argentine Communist Party in the 1970's was the most "new-thinking" from this point of view. The results are well-known.

In this connection, about the problem which Korolev raised, the problem of the reality of a revolutionary alternative in modern Latin America. Today this is really the most important question which should put to discussion. Has Latin America as a whole added to that structural restructuring which took place and is taking place in the MKKh [international capitalist economy] in the 1980's? Does the transnationalization plan provide for a solution of the old structural problems that have accumulated as well as the new ones caused by the restructuring itself and a new phase in the NTR [scientific and technical revolution]? To what extent has the plan of the TNK's [transnational corporations] turned out to be restrictive for the majority of Latin American countries? It seems to me that we can speak with a sufficient degree of confidence about going beyond the limits of the structural crisis and consequently to an evolutionary stage of development only with respect to two countries on the continent—Mexico and Brazil. In the majority of countries, this question, as before, has not been resolved; moreover, the modernization under the aegis of the TNK's has intensified the majority of the social problems. Korolev spoke of the reduction to a

marginal status of 90 percent of the population. The lower a country's level of development, the less restrictively it is linked with the economy of the TNK's. This relates not only to the Central American countries, but the majority of the Andean countries as well. The combination of old and new contradictions here forms an objective basis for going beyond the limits of capitalism, for a popular anticapitalist movement. In this situation, the task of revolutionaries, if they consider themselves as such, is to exert influence on the course of history in the direction chosen. It seems to me that this is precisely the sense of the Leninist idea cited by Korolev, not at all that leadership of the revolution should be passed voluntarily to the bourgeoisie.

I would like to mention Argentina, in particular. It would be a political catastrophe to advance a socialist alternative now as an immediate prospect and to attempt to unite the masses under socialist slogans. But at the same time, the situation in Argentina attests to the extent to which the main problems of social development have not been resolved. The Argentine bourgeoisie, unlike the Brazilian bourgeoisie, for example, has not yet worked out its own long-range socioeconomic and political plan which would enable it to have hegemony in the society. The repeated coup attempts, and mainly the position held by the Argentine Army and the church—again, unlike Brazil—attest to this. It can be said that an evolutionary period has begun in Argentina only when the ruling groups have a "working" alternative for getting out of the crisis which provides for stable political development and the country's limited inclusion in the new system of international economic relationships. This does not exist in Argentina at present.

We can speak with even less confidence about a shift to evolutionary development in the Andean countries. I categorically disagree that the emergence of the "Sendero Luminoso" is evidence of the irrationality of leftist forces and their "stubbornness" in upholding the socialist alternative under conditions in which the radical shift in the social and political situation which makes the struggle for a socialist alternative irrational has already taken place under the influence of transnationalization. On the other hand, the "Sendero" in its present form is a reaction by part of the majority of the population that has been put in a marginal status to this very process of transnationalization, and for this reason, the emergence of the "Sendero," in my view, is evidence of the incapability of leftist forces to direct the entire potential of the mass anticapitalist struggle into a rational channel. The idea of revolution as an objective process often disappears in our arguments. In the course of the structural restructuring led by the TNK's, the anticapitalist movement of the lower classes, the movement of all those oppressed, exploited, and excluded from development, will emerge, regardless of the will and wishes of the leftist forces. The task of revolutionaries in this situation is to head a real movement of the real masses. There is no question that I agree with Shermakin in this, that the leftist forces should fight for

hegemony in a civil society, though at the same time by being revolutionaries they cannot disengage themselves from the interests of that majority which is beyond the limits of the civil society. Moreover, it seems to me that the place of opposition "within the system" has already been occupied in the majority of Latin American countries. Outside of the revolutionary alternative, outside of strategic orientation toward the acquisition of power, the leftist parties in most Latin American countries have been doomed to the role of propagandist groups and will not be able to become a real political force.

In this connection—on the cost of revolution. I am convinced that the cost of revolution will be incomparably higher if the leftist forces in Latin America keep themselves aloof and select one of the versions of the narrowly interpreted "new" thinking and proclaim the struggle to prevent nuclear catastrophe to be their main goal. It is precisely the "Sendero Luminoso" that shows us the real cost of rejecting the revolutionaries' leadership of the masses. After all, aside from the fact that this is an objective process, an objective reaction of peasant masses who have been put in a marginal status, this is still largely the result of the fact that leftist organizations have not been working practically in these strata. And if they had been working, they would not have offered them an adequate political plan. In my view, the lack of a real military program for revolution in Peru by some of the leftist organizations forming part of the United Left forces also led to a situation in which a military solution in a monstrous and abnormal form was offered by the "Sendero Luminoso," which became one of the factors in turning it from a Maoist sect into an organization supported by the Indian masses.

All this does not remove the historic responsibility from the revolutionary organizations for the fate of the revolution tomorrow (after power has been attained). It appears that under the present conditions the task of working out an adequate, realistic plan for the socioeconomic and political transformation of society has become extremely complicated: by the current stage of the scientific and technical revolution, which widens the gap between the Latin American countries and the developed world, the impossibility—as already noted—of isolated economic development locked within national borders, and the crisis in traditional ideas about socialism. However, the difficulty of this task does not remove the question about the need to resolve it. The experience of Nicaragua, in particular, attests to the opportunity for a new, nontraditional approach to these problems.

Everything stated thus far on the problem of unity, the origin of new leftist organizations, and pluralization of the vanguard represents basically the point of view of the communist parties. The quality of rights of new leftist organizations is being argued. At the same time, it is assumed that equality between the communist parties and these organizations and the ability of communist parties to become the vanguard of revolution or part of

this vanguard is not needed in the arguments. But after all, it is not beyond question for many leftist organizations and figures that do not belong to the international communist movement. We are attempting here to separate the wheat from the chaff and bring to light which organizations are revolutionary and which are pseudorevolutionary, and who has evolved toward Marxism-Leninism and who has not. But for many leftist organizations in Latin America, it is precisely the revolutionary nature of the communist parties that is needed in the arguments. It seems to me that the communist parties are in an absolutely equal position with the majority of leftist organizations on the continent and do not possess a monopoly on the truth, including Marxist-Leninist truth.

And more. It would be incorrect to speak of unity as an alliance between the communists and the noncommunist left, because many of these organizations, particularly those which have been called left radicals here, are communist. They do not belong to the international communist movement. But if we look not at the name of these parties but their political line, their strategy, and the evolution they have gone through, there is no substantial difference between communists and these organizations.

Kuzmishchev mentioned the fact that the unitarist dogma has now collapsed as the (fokist) dogma did in its time. It seems to me that it is not correct to raise the question of unity as an end in itself or as something of intrinsic value. All the newness in the way the problem of unity in the 1980's was stated in the early 1980's was based on the fact that unity was directly associated with the development of an adequate strategic line for the revolutionary movement. Unity was linked with orientation toward the acquisition of power in the current stage of the struggle. It was that way in Central America and that way in Peru. This does not mean taking power immediately. This refers to the fact that leftist forces ought to formulate their strategic, tactical and political line based on their own strategic objective; Maydanik mentioned this in his article and I completely agree with him. Outside of this objective, outside of the policy which mobilizes the majority of the people toward these objectives, unity often may be harmful. As soon as the leftist forces begin formulating their policy in conformity with the line of the enemy and its variations, such unity really makes no sense. The experience of many elected coalitions which have really fallen apart because they were unity for the sake of unity attests to this.

It has been mentioned here that often an organization which brings great potential for unity is forced to give up something in the name of unity. That unity of equals is impossible, and that in moving forward an organization should impose its political plan. Indeed, if we are speaking about the first experience of unity, about the unity headed by the "26 July Movement," there is no question that it was the dominant organization, it imposed its political plan on all the others, and unity really took

shape around this political plan. But if we speak of the Sandinist revolution, the situation was not like this at all: we cannot say that a certain movement within the FSLN [Sandinist National Liberation Front] was completely victorious. The leadership of the Sandinist revolution was "combined." It seems to me that a situation in which a leader-organization comes to the fore is unlikely now in the majority of Latin American countries. The situation in El Salvador is more typical, and in Peru, where it involves a union of equals. In the event that a leader-organization once again moves forward in one of the countries once again, it would be incorrect, of course, to sacrifice for the political plan of this organization in the name of unity at any price. This is a complicated and real problem which requires a solution in each specific case. But I repeat that, inasmuch as the unity of equals is much more probable in the majority of countries, the political plan for revolution is worked out in the course of the unifying process. As a rule no political plan at all exists outside of unity, and meanwhile, time does not work for a revolution.

What kind of unity can there be for leftist forces in countries that have already been put on the track of evolutionary development, where the question of power is not on the agenda for the leftists? We have already discussed the workers movement in Brazil, about what it brings to the activity of leftist forces on the continent that is new. The nucleus of this workers movement is the proletariat of the advanced sector—the sector of the transnational corporations, and represents the newest reality of which Korolev spoke. And it is precisely on this basis, around the political leader of this working class—the Workers Party—that a new unity of leftists is evidently taking shape in Brazil. However, in my view, even in this country we have no occasion yet to speak of an alliance on a class basis, but not a popular basis. Because the Workers Party was really a syndicalist party for a long time, and it represented only the workers of the automotive assembly enterprises in Sao Paulo until it was united with the leftist Catholic movements and the lower-class Christian organizations which, in fact, also gave this party the opportunity to become a national force. Of all the leftist forces in Brazil, the Workers Party, in my view, has come the closest to working out a national political plan. It is important to note that by remaining purely a workers party, even a party of a new workers movement, and by representing the working class of TNK enterprises, it has not been able to advance this plan. It is beginning to advance it only after uniting with those who provide the Workers Party with its real popular base. The "lower-class Christian communities" are the people of the Brazilian countryside and cities who have been reduced to a marginal status. Only by uniting these two currents can the PT [Workers Party] become a real national force. I would like to support Totskiy: the unity of leftist forces in Brazil really cannot be shaped in the old forms. It seems to me that the PT in

itself represents a nontraditional form of unity, because the most diverse movements are represented in this party. This is the source of its weakness, but also the source of its strength.

In conclusion—on the criteria for different organizations to belong to a revolutionary, revolutionary-socialist movement. In this connection, I would like to return to the "Sendero Luminoso" problem. There is a very great temptation—I am speaking about myself in this case, based on the experience of Kampuchea, to excommunicate this organization from the revolutionary movement. To say that its methods completely obliterate the objective. There are more than enough grounds for this. It seems to me that the experience of Kampuchea should always be taken into account and be remembered by revolutionary forces. However, the "excommunication" of "Sendero" will neither abolish the objective nature of the causes of its emergence nor those miscalculations by the leftist forces (caused in turn by objective social factors, in my view) which led to the growth of the popular base of this organization. We do not have clear-cut criteria for attaching any organizations to the ultraleftists or the left radicals. I do not agree with the criteria advanced by Maydanik. This is really a question of the evolution of specific organizations. Such organizations as the Argentine PRT (Workers Revolutionary Party) and the Salvadoran PRTC (Central American Workers Revolutionary Party) have Trotskyite roots, but this does not provide any grounds for attaching them to the ultraleft, in my view. I think that the difference between left radicals and ultraleftists in Latin America is really the difference in their popular base. Until an organization possesses a popular base, it is ultraleftist, according to the criteria suggested. As soon as it acquires a popular base and political influence, we do not have the heart to call it ultraleft, and it becomes left radical. A classical example of this, it seems to me, is the People's Revolutionary Army in El Salvador. In the 1970's this organization, in our studies, was an example of the ultraleftists. On the other hand, Salvador Caetano Carpio headed an organization which never qualified as ultraleftist, but always was an example of a left radical one. There are no ideological or tactical differences between the ultraleftists and the left radicals. The boundary between them is open on both sides. From this viewpoint, do we now have the grounds, in spite of all the horrors of the "Sendero Luminoso" and all the temptation, to say that this organization is not revolutionary-socialist, that it is not revolutionary, not leftist? I have no grounds. It seems to me that this is again a problem of evolution. As soon as this organization represents a real trend of a mass movement, we cannot excommunicate it from the popular revolutionary movement, no matter how we would like to.

B. M. Merin: Do we have long to wait for this evolution, and what kind of evolution is expected—in the direction of Marxism?

[Vorozheykina] The evolution of the "Sendero Luminoso," as I conceive of it, is largely a problem of the work

of organizations that are part of the United Left and extension of their political influence to those sections of the population which now support the "Sendero Luminoso." Such work by the leftist parties may become a factor in the evolution of the "Sendero Luminoso" itself. This organization is also quite repulsive to me in its present form. However, it represents the masses, and significant masses of people, which appeared not to exist at all (including for the leftist forces) before the guerrilla war began; no one was representing their interests, and they found this protector for themselves.

Moreover, among those parties that are part of the United Left, there are organizations that are close to the "Sendero Luminoso" in ideology—many of them come from an orthodox Maoist root. But now they are cooperating with the communists and other United Left parties. It seems to me that the "Sendero Luminoso" cannot be denied the opportunity of such an evolution. This does not remove the problem of condemning this organization's methods. And the main point, it seems to me, is that the "Sendero Luminoso" is a stimulus for other leftist forces. It is showing them: comrades, these are the real problems that you are not solving, and the longer they remain unsolved the uglier the forms they take.

Retort: We are not dealing only with the weakness of the communist movement here; if the masses see that an organization of the "Sendero" type is using inhumane methods, the problem of methods is advanced to the forefront. It is precisely the "Senderist" methods that alienate and frighten the masses away from socialism.

[Vorozheykina]: There is really nowhere in Latin America, even where the prospect or possibility of a victory by the revolutionary-socialist forces appeared to be closest before, that a revolutionary movement has not developed under socialist slogans thus far: not in Cuba, not in Nicaragua, and not in El Salvador. This is related to the characteristics of the socialist structure, mass consciousness, and many other things. The matter here does not relate to methods at all. In the case of Peru, I do not understand at all how these methods can frighten the Indian masses away from socialism, which they have a very vague understanding of. I see the problem as much more serious in something else which Semenov mentioned: after being reduced to desperation by genocide and the conditions under which they are living, these masses see no other methods and cannot see any others. And the "Sendero Luminoso" in its perverted form offered them a real opportunity to resist this genocide. We need to realize that. If we turn away in disgust, saying that this is a Pol Pot situation, this will not make the problem cease to exist.

Retort: Genocide is obviously an exaggeration...

[Vorozheykina] With respect to what the ("Sinchis") and the army did in the Andes regions? What other word can be used for the practice of annihilating entire villages to

the last man? What other words exist for secret mass burials, where everything has been done to make it impossible to identify the corpses... I am not even mentioning the number of these victims. It seems to me that there is no substantial difference between 2,000 and 10,000 human lives.

V. N. Grishin:

The Unity of Leftists: Myths and reality"

Indeed, discussion of the problem of the unity of leftist forces in Latin America is extremely necessary for us, despite the fact that it is long overdue by "continental time." Exchange of opinions is also particularly important in attempting to rid ourselves of "the figure of silence" once and for all, and to remove the obvious blank spaces in shedding light on this topic in a historical context (the 1960's and 1970's) and revealing the new features that have appeared in the region's political life over the past decade.

Unfortunately, there is confusion in our popular and our scientific literature in determining the place and role of the new trends in the continent's revolutionary movement that emerged after the victory of the Cuban revolution. We still cannot select a term that is adequate for them. However, the problem is not only and not so much in the alternative terminology as it is the substance that is put into the names used (left radicals, revolutionary democrats, left extremists, ultraleftists), although it often involves the same organizations or movements. The trouble is that we lack a clearly developed typology for the leftist forces.

The question naturally arises: is one needed? I am convinced that it is. And not to create new schemes. For our common orientation, so that we know who and what is being referred to. I will cite just one example that attests to the "intellectual ferment." In the book by V. V. Vityuk, "Pod chuzhimi znamenami. Litsemeriye i samoobman 'levogo' terrorizma" [Under Foreign Colors. The Hypocrisy and Self-Delusion of "Leftist" Terrorism] (Moscow, "Mysl," 1985—Editorial Staff), it is stated that the fundamental difference between a true revolutionary and a terrorist in Latin America is **where** he is conducting armed struggle. If it is in a rural locality, then this can be justified at the very least because "rural guerrilla warfare is a definite step in the development and form of revolutionary war and contains the potential for expanding it into a true mass movement" (p 22). But as soon as guerrilla warfare is extended to the cities, the author maintains, it becomes "a camouflaged emblem of common terrorism" (op. cit.). And this was written at a time when the revolution had gained a victory in Nicaragua, which was also forged in the course of bloody engagements between the guerrillas and the Somozist guard in the cities, but in Peru rural guerrilla warfare by the Senderists was already wide in scope. The same idea, though with certain reservations, is cited in the second book by Vityuk as well, written with coauthor S. A.

Efirov—"Levyi terrorizm na Zapade: istoriya i sovremennost" [Leftist Terrorism in the West: History and the Present] (Moscow, "Nauka," 1987—Editorial Staff). Such an approach does not stand up to any criticism.

The viewpoint expressed during the course of Vorozheykina's discussion which reduces the differences between ultraleftists and left radicals to the lack of popular support and a social base for the former seems debatable to me as well. This is an important criterion, but not an adequate one. After all, the masses can also support extreme rightists. Moreover, in the case of Peru, this involves sections of the population that have been reduced to a marginal status and which are, to a certain extent, *declassé*. The social ideal aimed at the mass consciousness of those that have been reduced to a marginal status, as shown by the tragic experience in China and Kampuchea, as well as Peru, under certain conditions can contribute to the formation of extremist movements (in the spirit of Mao and Pol Pot) or at least provide the soil favorable for their development. How do we avoid the extremes without allowing destructive tendencies to prevail over the creative, humane principle of revolutionary action? This is one of the "eternal" problems of any revolution. And we do not have the right to close our eyes to the senderists' acts of vandalism. This is not simply something that is conventional. This involves the "principles" which are paid for with human lives. The dividing line between good and evil is marked here not by drops, but rivers of blood. In this connection, the question of the "evil spirit" ["*besovshchina*"] in a revolutionary movement and the role and forms of violence and our historical memory is raised once again. The complexity and contradictory nature of the situation requires that it be viewed from the positions of the different classes: both the social outcasts and the advanced and progressive strata of society (relatively speaking, the scientific and technical groups of the working class and the middle strata). And at the level of political practice, it is important to take into account their diverse interests in many respects and obviously, to seek the resultant force which contributes to the development of advanced social forces by adhering to social justice to the maximum extent. Such a consensus of interests is probably attainable only through the formation of coalitions of leftist forces with equal rights.

The interpretation of the "revolutionary democracy" concept given by Shemyakin evokes many questions. The category of its transitional nature is advanced as the basic criterion for it. But this category is too general and, for example, our mass and scientific consciousness (I mean the social sciences) today falls under it completely. As a result, the leftist Peruvian military, the supporters of General Torrijos, and the Sandinists, apart from the leftist socialists, social democrats and Christian democrats, turn out to be within the limits of a common and penetrable bloc of revolutionary democrats. And everyone is shifted somewhere. It remains to be clarified—where?

The typology suggested by Maydanik seems most convincing to me, but... as applied to the situation in the 1960's and 1970's. I am deeply convinced that the process of the overall transformation of political structures has been accelerated on the continent since the early 1980's, during which the appearance and nature of the activity of the rightists, centrists and leftists have been changed. The latest trends formed in the 1980's (alternative movements, for example) are not included in the typology suggested. This movement, which is ideologically and politically quite heterogeneous but democratically oriented and associated with the leftist political culture on the whole, has already been institutionalized in a number of countries (the party of humanists and the party of greens in Argentina, the party of humanists in Chile, the ecologists in Brazil). It has mass support, comparable with the popular base of other leftist parties, and even exceeding it in a number of cases. The distinguishing feature of the alternative movement is its high intellectual potential, inasmuch as the intelligentsia and students form its basis. We should not overlook its international ties with similar movements in Western Europe and the United States, which have accumulated considerable political and theoretical experience. Together with global problems (which in themselves will increase in importance), the alternativists assign primary importance to critical social problems. To the degree that a popular base has been found, the movement is being sociologized. Prospects are appearing for its rapprochement with new social movements. In Argentina, the party of humanists and the greens have combined in a political bloc with the communists repeatedly. However, the alternative movement is of interest not only as a new form of social and political protest which is an integral part of the anti-imperialist, democratic struggle, but as a phenomenon of social consciousness which was born as a result of a search for a way out of the structural crisis of Latin American society. The alternative concepts developed by taking the continent's conditions into account can enrich the programs of the leftist forces and make them more timely.

Of course, these new trends are seen primarily in countries in the southern part of the continent, where not only the forms and methods of revolutionary struggle, but the content and nature of the revolutionary process itself have begun to change with the change in political regimes. In the communist movement a reexamination of both tactical and strategic lines has begun (R. Arismendi spoke of this in his conversation with M. S. Gorbachev). The revolutionary military-political organizations have evolved significantly. The process of delimitation in their ranks has been speeded up. Their political face has become different. The forms of political existence of the left radical movement have changed in this region. The political authority of the traditional socialist parties, which acquired a kind of "second wind" and established their coordination center in Montevideo, has increased. Totskiy is correct when he speaks of the impossibility of leftist unity in the previous forms. The leftist forces themselves and the internal and external

conditions for their activity have become different. In this connection, we can expect changes in the nature of the leftist blocs, or rather changes in their quality.

It has to be admitted that in the recent past we mythologized the influence of unitarist trends in the revolutionary-democratic movement on the continent, making what we want pass for what exists to a certain extent. The reality is that the problem of the unity of leftist forces still remains unresolved in most of the countries in the region today. Where united fronts or coalitions were formed successfully over the past two decades, they have been amorphous and temporary in nature, depending on events at the time, as a rule. Many communist parties are turning their attention to this now. But this does not minimize the importance of the role of unity as such and does not mean that the need for it no longer exists. The effective forms of uniting the leftist forces which emerged in a number of countries in Central America, Peru and Uruguay in the 1980's showed that enthusiasm for unity, the idea of unity, can be materialized and become a factor which exerts an influence on the national and regional situation. This is indisputable, it seems to me.

The paradoxical nature of the current situation is that the more favorable conditions for unification of leftist and democratic forces on the continent which have taken shape in recent years are not being utilized properly at present. Moreover, the centrifugal tendencies are being felt within the limits of individual political directions and leftist trends (including the communist movement).

During the course of our discussion attention has been devoted basically to the common features (this is natural and understandable); nevertheless, we should not overlook the distinctive features of the unitarian process in individual subregions and countries. For all that, the overall level of development, the political situation, and the correlation of external and internal factors in Central America, the southern part of the continent and the Andean countries will be separate. And if we compare the situation in Central America and the southern tip of the continent, for example, even the concept of leftist forces itself will have very substantial shades of meaning in each case. However, in defining a bloc of leftist forces on a regional scale today, two basic coordinate axes stand out: pro and contra. The latter defines whom these forces are opposing (the common enemy). The former brings out their positive, creative program, their democratic plan. And the further that events develop, the greater the role acquired by the first axis. It is precisely on this plane that a new quality of unity can emerge; achievement of it implies removal of the old schemes and obsolete dogmas, the development of consciousness open for dialogue, the display of greater tolerance for allies' originality, rejection of dictation, development of the best possible approach to resolve the problems of society's renovation and global problems, and the establishment of alternative programs to get out of the crisis

which take into account the new realities which have emerged in the course of the technological revolution and the process of renovation in socialist countries.

A. V. Kharlamenko:

"The Price of Revolution" and the Problem of Unity

I cannot agree with the approach in which the current discussions on the problem of the unity of leftist forces in Latin America are put on the same level as the 20-year-old controversy surrounding the concept of a "hotbed of guerrilla activity." In those years a clear-cut distinction was not usually made between the military and technical tactics of the Cuban revolution and its political strategy, which is of international importance. It is becoming clear now that the nucleus of this strategy was the unity of leftist forces in its current sense. The political vanguard of the Cuban revolution was created by uniting all the leftist organizations which actually took part in the revolutionary process on the basis of equal rights. As the subsequent experience of many countries confirms, the tactics of those who were victorious in revolutions were determined by the rallying of leftist forces for the struggle for real power. No other tactic leads to victory. The unity of revolutionaries is not a tactical means, but a strategic necessity which is inseparable from the long-term goals of a liberation struggle. This approach to the problem of the unity of leftist forces is obviously the principal contribution of Cuba, Nicaragua, El Salvador and other Latin American countries that is not of a transient nature to the arsenal of international revolutionary experience.

It seems to me that we should examine the principle of the unity of leftist revolutionary forces as an integral component of the new political thinking. It should not be forgotten that the antipodes of new approaches in policy—dogmatism and sectarianism—have grown time and again in the soil of factional struggle in a revolutionary movement, when the "logic" of dissent and squaring of accounts gained the upper hand over commonsense. In such situations, the factional struggle found the colossal force of inertia operating even after the original reasons for disagreement moved into the past. There is no antidote for dogmatism and sectarianism except the ability of the revolutionaries to work out a unified political line on a collective basis. In being steadily guided by the demands of revolutionary practice everything positive in the different positions can be synthesized without allowing the demagogues and the unprincipled careerists to take advantage of the differences.

A correct approach to the problem of the essence of left radicals and ultraleftists cannot be the same in a nonrevolutionary period of social development (in modern Western Europe, for example) and in an era of revolutionary crises which Latin America has been going through for the past 30 years. I want to support Vorozheykina's point of view that the overwhelming majority of countries in the region have not yet come out

of the crisis period which they are calling a structural crisis there. V. I. Lenin called a period such as this an era of crises. One level of analysis—economic, let us say—is not enough to establish the limits of this historical stage. It is necessary to take into account the entire range of social, political, and cultural-ideological conditions—both national and international. In my view, even in countries such as Brazil and Mexico at least one condition is lacking—a mutually acceptable long-range solution of the foreign debt problem—for the stabilization of state monopoly capitalism. It is worth thinking about: isn't this situation caused by the overall transition from primarily "national" GMK [state monopoly capitalism] to some new transnational forms of it? Perhaps state monopoly capitalism in the form in which it has existed thus far in highly developed countries has turned out to be historically outdated for Latin America by not being organized yet. In this case, the period of structural crisis in the dependent components of the world capitalist system will be dragged out for several more decades, compared with a similar stage in the history of Western Europe. Individual countries which appear at first glance to have overcome the structural crisis will remain for a long time under the influence of the economic, social, political, and cultural-ideological conditions which predominate in the region. The struggle by the forces of revolution and counterrevolution in a number of countries is exerting the strongest influence on all the processes taking place on a continental scale, that is, it determines the nature of the historical stage they are going through.

The distinguishing feature of the era of revolutionary crises is the probability of direct social and political opposition between the masses and oppressive authority, including armed struggle between revolutionary forces and the repressive apparatus of reaction. In my view, we should not overestimate the scope of the transition from "maneuvering" to "position" forms of political struggle and the autonomy of "civil society" from the state power, as well as the stability of reformist plans in modern Latin America. In a social sense all this rests on very shaky ground. For example, it is not by chance that Brazil is called "Belgindia," meaning that the well-being of the "upper" strata of the population is comparable with the Belgian level, but the living conditions of the rest can be compared with the Indians' conditions at best. In many other countries the gap between prosperity and poverty is even more striking. The social fulcrum of the reformists is arranged much closer to the top of the pyramid than to its base. Real political awakening of the "lower classes" and the majority of the people has taken place only in the course of the revolutionary struggle for real power. But even today the reformists do not possess more of a popular base than the revolutionary forces if we are speaking not about the masses in the electorate but the mass character of personnel and actions, and about the number of people carrying out a given policy and doing something for this.

A significant part of the region's revolutionary forces consists of left radical organizations which took shape in

the 1960's and 1970's under the influence of the example and experience of the Cuban revolution. In my view, it is most correct to call them people's revolutionary forces. Of course, these organizations are not identical to the people's movement as a whole; but they are precisely the ones that emerge directly on the basis of the contradictions between the people's bloc and the ruling pro-imperialist oligarchy, not on the basis of socioeconomic antagonism between the classes. The people's revolutionary consciousness often becomes a transitional step from a reformist-populist or ultraleftist consciousness to scientific socialism, a form of perceiving Marxist-Leninist ideas.

It is not enough that the dogmatic concept of the "petty bourgeois nature" of people's revolutionary organizations caused harm to the work of unifying revolutionaries and international solidarity with their struggle. Such views were engendered by an extremely simplified approach to the problem of the class orientation of political organizations. The revolutionary nature of a proletarian type has been interpreted at times as just a consequence of the struggle for the everyday socioeconomic and political requirements of the working class. Meanwhile, in accordance with Leninist views, only a struggle which is aimed at the most important objective in politics—organization of state power—can be considered a truly class struggle in an era of revolutionary crises. History demonstrates that political organizations which emerged on the basis of immature forms of class struggle cannot lead the revolutionary process if they themselves maintain a prerevolutionary appearance. In order to form a revolutionary vanguard, the "old" parties should first of all raise themselves to a new level of quality in an ideological and political sense and secondly, they should bring about unity with the political organizations which have grown in the soil of the masses' opposition to oligarchic power. The formation of a political army of revolution plays a decisive role in consolidating the proletariat as a social force. Different stages in this process are characterized by the condition of a subjective factor, that is, the consciousness, degree of organization, and unity of leftist forces and their influence on the masses. One level of it is necessary to organize a revolutionary situation firsthand, another is necessary for beginning the revolution, a third is necessary for a real change in power, and a fourth is necessary for consolidating the gains of the revolution.

When V. I. Lenin stressed that increasing activity by the masses is one of the objective signs of a revolutionary situation, he by no means meant its spontaneity and independence from the conscious policy of the leftist forces as a whole. This would contradict the very essence of the Leninist theory of revolution. This referred to something completely different: the fact that a mass movement always emerges in the form of different currents and trends, and not in accordance with the will of an individual party or even an individual class. In order to really be in the vanguard of a political struggle, we must know the real status of the mass movement and

consider it soberly in our activity; we must choose the forms of political action which ensure the unity of the mass movement and orient it toward the struggle for real power.

The mass character of many people's revolutionary organizations today is obvious, although previously their actions often were contrasted with the narrowly interpreted "struggle of the masses." The fact that the ruling class, by resorting to the most brutal repressions, has not been able to put down the struggle of people's revolutionary forces for decades speaks for itself. A polemic with them will not lead to the results expected if it has been torn away from the political experience of those tens of thousands of persons who are fighting and dying for the sake of the right of their peoples to live in a humane manner.

In Latin America, the necessity for unity of the leftist revolutionary forces is dictated by elementary political realism. Each party has to take into account in its own policy what depends on it and what does not depend on it. Mass left radical and ultraleftist movements exist as a reality—whether we want this or not and whether we like them or not—for they are engendered by the living conditions of vast numbers of people. For this reason, appeals for unity for the sake of mankind's self-preservation are unlikely to be able to reconcile the "Sendero Luminoso" and the Peruvian Army or the leftist forces in Argentina and the "P-2" Masonic lodge. At each moment we must advance those slogans which can reach the masses. Otherwise it is difficult to speak not only about new political thinking, but about any kind of political thinking at all. The policy of Marxist-Leninist forces should be directed at what is real that they can do in the name of peace, democracy and socialism in their region, as well as throughout the world. And something real that they can do first of all is to provide for the unity of leftist forces. This alone will contribute to elimination of those forms of political struggle which deviate from the high goals of the liberation movement and are fraught with defeats.

Proceeding from the fact that there are objective periods of revolutionary crisis in history, we can also put the question of "the price of revolution" on firm ground as well. In my view, it is not very appropriate to apply a market category to political struggle in which the fates of millions of people are decided. But if the problem is put in this way, let us not forget that where there is revolution there is always counterrevolution. For some reason, we seldom remember the price of counterrevolution.

I think that for the revolutionaries and the true leftist forces in a country that is going through an era of crises, "the price of revolution" is the sacrifices which a given historical situation will require for a revolution to be carried out. In the final analysis, these sacrifices turn out to be the least compared with the only real alternative—the victory of the counterrevolution. A revolutionary can and should reject only those forms of struggle which in

fact do not lead to revolution, but just interfere with it or rule it out entirely. He cannot raise this question in any other way, in my view, without introducing dissidence into the mass movement. If we are speaking about the position of a researcher who looks at the events from the sidelines, elementary scientific objectivity requires that as far as possible, the miscalculations of revolutionaries be distinguished from the direct consequences of counterrevolution, reaction, intervention, backwardness, dependence, and international economic and political crises. If such a distinction cannot be made, it is better to refrain from moralizing. When everything is lumped together under the term "the price of revolution," in my view, a serious mistake is made. It is immoral to blame revolutionaries for fighting or for having fought by being careless with their lives. For the Leninist communist, whoever he may be—a political leader, a journalist, or a researcher—true political realism is inseparable from historical objectivity and moral responsibility to the fighters of the future and from deep respect for all fighters against man's oppression of man.

Footnote

1. Ye. Plimak, "Marxism-Leninism and the Revolutionary Character of the Late 20th Century," PRAVDA, 14 November 1986 (Editorial staff note).

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya Amerika", 1989

Role of Latin American Social Movements
18070168g Moscow LATINSKAYA AMERIKA in
Russian No 1, Jan 89 pp 62-70

[Article by E. Ye. Kuznetsova: "The Search for a New Life Style"]

[Text] New forms of social movements—antiwar, environmental protection, neofeminist, residents' associations (various types of city and block committees), unemployed and homeless committees, believers' movements—have made their appearance in the region in the 1970's and 1980's.

Certain progressive trends combine in them with spontaneity, lack of organization, and vague notions about the prospects for the reforms of society that are outlined. Nevertheless, the programmed demands of the new social movements are oriented toward a new way of life, as a rule, which goes beyond the limits of the existing capitalist structure.

The rapid growth of social movements in recent decades is one more proof of the deepening political crisis of the bourgeoisie's hegemony and evidence that the masses aspire to play a different role in the historical process than the one assigned to them by the ruling classes.

The problem of collaboration with the new social movements is a pressing one not only for the working class, but to a certain extent for the bourgeois state as well, as paradoxical as this sounds. It is appropriate here to recall A. Gramsci's thesis about the so-called "spontaneous state life." He means the process of creating "a complex and diversified civil society within the shell of a political society, in which the individual person will govern himself, but this self-government will not come into conflict with the political society but, on the contrary, will become its normal continuation, an organic addition to it."¹ Consequently, the state is interested in the development and emergence of new forms of state life in which "the initiative of individual persons and groups becomes a 'state' initiative, although it will not originate from a 'government of bureaucrats.'"² It is interested in the development of a civil society. However, this process is allowed only when it is developed within the framework of the existing system and is governed from the top. In this case, the state acquires the opportunity to make use of the masses' creative activity for specific renovation and modernization of social structures when the bases of the capitalist system are kept immutable.

In Chile, for example, the ideologists of the rightist authoritarian regime have repeatedly mentioned the necessity of uniting the efforts of municipalities with the movement of city residents, which has long been deeply rooted in the country. Pinochet developed this idea in his speech at the first national congress of the leaders of residents' associations in October 1982. He maintained that the municipal reform being conducted by the military junta is pursuing the objective of turning the municipality into a "socially organized community" in which an important role is assigned to the residents' movement. The head of the military government stressed that this not only involves joint activity, but participation by the representatives of mass organizations in exercising "control" over local government.³ The true objective of such a maneuver is clear: to make use of the masses' initiative in the interests of the regime by directing it in the necessary channel.

We will dwell on an analysis of two forms of social movements in Latin America—the urban people's movement, which acquired considerable scope and radicalism in the 1980's, as well as the ecological movement, which is a new form of social protest.

The first organizations of ecologists made their appearance in the late 1970's and early 1980's. It would be premature to maintain that the ecological movement in the region represents an important social and political phenomenon. However, we can speak of the increase in its significance in social consciousness in the majority of Latin American countries.

In the 1980's the ecological crisis became a reality in Latin America. Ecological changes in the environment, obviously linked with technological dependence on the developed capitalist countries, or in any event, with "ecological colonialism," were added to the negative consequences of the predatory exploitation of nature and the unplanned industrialization and urbanization toward the end of the 1970's. Ecological tension increased as the result of the transfer to the continent of a number of ecologically dangerous, "dirty" production facilities by the highly developed capitalist countries. At the same time, the countries importing Latin American raw material demanded that the harmful substances in raw material be reduced to a minimum, thereby shifting the ecological expenses from pollution to the countries producing the raw material.

The Latin American ecological movements have already repeatedly demonstrated their opposition to the predatory exploitation of nature by the TNK's [transnational corporations], national monopolies, and state companies. Participation by Venezuelan ecologists in conflicts with foreign and state oil companies and the struggle by Brazilian ecological organizations, together with the public at large in the country, against the destruction of the rain forests in the Amazon basin unquestionably attest to the fact that these movements not only have been critically aimed against the model of development that is under way, but they also are secretly or openly opposed to the existing capitalist system.

A characteristic of the ecological movement in Latin America (unlike in Western Europe and the United States) is that it is being developed under conditions in which social problems, chiefly poverty, unemployment, and elementary living conditions, are extremely acute, and where expansion of production, not a cutback, and an increase in consumption, not a restriction of it, are important.

Since the early 1980's the progressive forces in Latin America have become more and more aware of the need for the struggle to protect the natural environment. It is gradually becoming obvious that to the extent that ecological problems are intensified and the inequality of "ecological consumption" is increased both on the national and international levels, especially as the result of intensified activity by the transnational corporations, the anti-imperialist potential of the ecological movement will increase and "protection of the environment" will more and more frequently include the concept of protection of the sovereign right to manage national resources.

Ecologists who support a democratic policy in the area of environmental protection have shown that they can be allies of the leftist forces, and particularly the communists, in the anti-imperialist struggle. Problems of ecology have not occupied their proper place in the workers' class struggle yet, although there is no question that

deterioration of the natural environment, and the production environment first of all, and the "inequality of ecological consumption" are being experienced to a greater extent by the working masses than by representatives of the bourgeoisie.

In some countries the ecological movement began to be developed from below, and in others the public environmental protection organizations made their appearance under the aegis of the state (The Society of Friends of the National Parks in Argentina, the Brazilian Society of Friends of Trees, the Brazilian Nature Protection Fund, the Mexican Forest Society, and so forth). In some cases the state has intervened and not allowed ecologists to go far in their practical activity, and in other cases it has organized and directed the "greens" movement. Representatives of various social classes and strata have become participants in ecological societies, groups, associations, and movements: employees and workers, craftsmen and merchants, the intelligentsia and young students, and marginal groups. This heterogeneity and diversity of the forces represented distinguishes the social composition of ecological movements on the continent from the "greens" movement in Europe.

The range of questions and problems raised by ecologists when the movements are formed has been limited, as a rule, to the traditional ones—protection of specific natural features, solution of local ecological problems, reducing the negative effects of the urbanization process, improving the quality of life, and so forth. Toward the end of the 1980's, the ecologists in many countries began working out alternative concepts of development in which attention is devoted to the masses' participation in resolving the most important national problems. With all the similarity among the ecological movements in different countries on the continent, there are also national characteristics which are apparent both in the organizational arrangement in relations with the state as well as in the programmed objectives.

Thus a characteristic of the ecological movement in Venezuela is that environmental protection questions were raised initially not by organizations especially established for this purpose, but by different mass movements—residents' associations, women's and professional associations, and the cooperative, youth and university movements. The associations of residents of the poor blocks, as well as the blocks occupied by the middle strata, have been especially active. By the end of the 1970's these organizations had achieved legal consolidation of certain of their rights with respect to environmental protection.

A number of societies for nature protection in the early 1970's were established by scientists and teachers of natural sciences. They engaged in study of the status of the environment and spoke out against the abuses by "economism" and vast construction, against excessive consumption and technological dependence, and for ecological social development.

The public authority of the ecological movement in Venezuela increased noticeably in the late 1970's, when environmental protection groups were established which were subsequently united at the national level in the Federation of Organizations and Groups to Protect the Environment (FORJA). The rapid increase in the number of participants in groups (their social composition was significantly broader than the nature protection societies) and the energetic work locally were in sharp contrast to the modest activity of state officials from the new ministry which had been called upon to handle this same problem. The situation reached the point that the government of E. Campins was forced to take steps to restrain the activity of the base organizations in the ecological movement.

Establishment of the federation at the national level highlighted not only the positive aspects, but the negative aspects of the movement as well. FORJA declared itself a voluntary association of persons which had not set the objective of making a profit, an association without government or party affiliation, but civil and cultural in nature. As its program it set forth the plan for establishment of an alternative society, a model for development based on implementation of the ecological principle—namely, balanced use of natural resources oriented toward man. However, lack of understanding of the close connection between the system of nature use and the character of the society was demonstrated here.

All the same, we can speak of the political nature of the activity carried out by those taking part in the ecological movement to a certain extent. Specific work to liberate civil initiative and the involvement of different social strata in resolving ecological problems at the local and national levels attest to the fact that this form of social protest has become larger and larger in scope and depth in Venezuela beginning in the 1980's.

The ecological movement in Colombia has developed differently. Groups of ecologists which were initiated from below in the early 1980's continue to remain weak and uncoordinated. At the same time, the "green councils" established in each municipality under the aegis of the State Institute for the Conservation of Natural Resources have rapidly gained in strength by uniting the representatives of broad social strata in their ranks.

By the mid-1980's, the "green councils" had acquired considerable public influence at the municipal level. Their participants discussed local ecological problems, established permanent groups of ecological activists, especially among the youth, and teams to protect the national parks and disseminate knowledge among the people, that is, they brought to life the ideas of the so-called "ecological democracy." The current government of V. Barco, uneasy about the rapid increase in influence of the "green councils," is taking steps to obstruct this process.

The ecological movement in Latin America is still picking up momentum. In the majority of countries it is widely dispersed and operates on the local level; there are no centralized associations, as a rule. Further development of the ecological movement and reinforcement of its role in social and political life will depend on whether its participants will be able to consider the solution of ecological problems in combination with social problems and to interpret occurrences in their overall interrelationship.

* * *

The movement of the associations of residents of cities and urban settlements (it is similar in basic features to the civic initiative movement in Western Europe) has become one of the most widespread forms of social movements in Latin America. The residents' associations made their appearance in the 1960's and have gone through a certain evolution since then: they have increased in number and they have changed the nature of their activity, and in certain cases their objectives. The consequences of the rapid industrial development of the continent in the 1970's and 1980's and the accompanying growth of cities led to demand from the deprived and unprotected part of the urban population for such organizations. The process of urbanization took place at such a rapid pace that it left the development of construction, the processing industry, and social infrastructure far behind. The cities turned out to be unprepared to receive the migrants pouring in from the countryside.

Belts of poverty, vast areas of slum "barrios," or as sociologists now diffidently call them, "young settlements," sprung up around the major Latin American cities. It was precisely the residents' associations, the women's and youth organizations, and the "single concern" committees, established for a specific purpose, which were the organizations which were able to protect the interests of the former rural worker, torn away from his normal life and often not included in work activity, at the level of the block, the district or the city.

The crisis of the 1980's, which has sharply aggravated the social problems, has led to intensive development of this movement. And although the desire to live differently concerned its participants as before more than the desire to transform society, they began outlining the search for their own way of resolving local social problems, all the same. The increase in the level of consciousness also was demonstrated by the fact that in a number of countries (Colombia, Ecuador, Peru and others) residents' organizations were being included more and more in the national struggle against the policy followed by the ruling classes and in practice began reaching the strength of united action with workers, trade union, peasants, and Indian movements.

The forms of the movement became considerably more diversified than those in the 1960's. But the most important point is that the movement changed qualitatively. It

lost its incidental nature and turned into an integral part of city life. Organizations more and more frequently serve as "material" for political parties and are used by them for manipulation purposes during election campaigns. There have been attempts to combine specific objectives in the activity of residents' associations with overall objectives, particularly those affecting restructuring of municipal policy.

The movement is widespread in the cities in Ecuador. In the 1980-1982 period alone, for example, the number of residents' organizations doubled, reaching 183 in Pichincha Province (where the capital, Quito, is located).⁴

A sociological study of the residents' organizations in Quito's marginal blocks, conducted in 1984, showed that the social structure of the movement reflects the heterogeneous composition of the population in these areas. Most of the participants in the movement (42.7 percent) are small merchants and craftsmen receiving incomes on a level with hired workers; 38.2 percent are workers, mainly construction and factory workers; and 10 percent are employees in the state and private sector; this involves the low-paid categories of the new middle strata, whose wages are lower than the wages of skilled workers. The sociologists revealed an interesting feature: there are significantly less workers among the organizations' leaders than representatives of other social categories. There are practically no workers in organizations on the city level, which confirms their low consciousness and activity.

Functionally, the movements are clearly broken down into two groups. One represents the housing cooperatives—they are regulated to a large extent by the state and accordingly, they strongly depend on it and the political parties; the other group includes the "single concern" committees: sports and cultural clubs and leagues, youth and women's centers, and so forth, which exist at the level of blocks and individual districts.

The process of unifying the block organizations characteristic of the 1980's has not led to the establishment of a single city organization in Quito. There are seven major federations in the city. The National Federation of Residents was not successful either; it was able to unify only the organizations in Guayaquil.⁵

The level of activity, as well as the demands made, are far from identical in the different associations. Some show themselves to be rather passive after achieving the specific goal for which they were established. For others, the struggle to ensure minimal living conditions in a specific block or section of the city (organization of water supply, a sewage system, building roads, cleaning areas, opening schools and first aid stations, and so forth) is combined with interest in the city's common social problems, some of which they see as their own problems.

Among the demands of individual federations uniting the basic residents' organizations in the 1980's, there were some which actually may become a beginning for the development of a people's alternative for urban development. They set forth their solution of the environmental protection problem and an interpretation of the existing laws on human rights. The activity of the Federation of People's Blocks in the northwestern district of Quito in defense of the residents of marginal blocks is dramatic confirmation of this. In May 1984, the Federation of People's Blocks in the northwestern district of Quito led a mass demonstration and presented a draft law to the congress in which an attempt was made to protect citizens' rights to housing and the land under it that was purchased, and to living conditions fitting for a person. The federation considered this draft to be a specific response from the masses to a number of state laws adopted in past years and affecting development of the capital and protection of the environment.

Under the conditions of crisis when the class struggle was intensified, and, according to L. E. (Veintemilli), member of the Ecuadoran Communist Party Central Committee, "the limits of the conflict between the workers and the employers spread and turned into national and nationwide opposition to the oligarchy and imperialism,"⁶ residents of the "poverty belts" in Quito, Guayaquil, and other cities actively participated in nationwide strikes. It was this way in October 1982 and March 1983 when, in response to an appeal by the United Front of Ecuadoran Workers, they demanded, together with workers, peasants, merchants, and students, an independent national policy and improvement of conditions for the poorest sections of the population.⁷ The residents of the marginal blocks took part in all five general strikes which were held since Febres-Cordero assumed power in 1984 as a protest against the government's economic policy.

The 10th Ecuadoran Communist Party Congress (1981) noted the increased activity by urban masses and the residents of marginal blocks. The congress called upon communists to reinforce the struggle of people's blocks and contribute to the organization and coordination of their appearances by orienting themselves toward the unity of a movement of the workers, the peasants, and the people.⁸

There is no question that the social movement in the cities has its own national characteristics in each country. In Venezuela and Brazil, for example, the residents' associations operate not only in the poor and the people's blocks, but in the blocks where the middle strata live. The nature of the activity of such organizations is somewhat different; they, for example, are more concerned with problems of improving relationships between the person and society and developing ecological consciousness than matters of the urban infrastructure.

The type of organizations characteristic for the people's urban movement in Colombia is different from the residents associations in Ecuador or Venezuela. To a certain extent their role is filled by communal groups established by the state in the 1960's from the representatives of different social strata, supposedly for the purpose of strengthening local government, but in reality to maintain control over the civil society. A broad network of such organizations was established in the country, numbering 32,000 to 33,000 in the mid-1980's, according to various sources. The nature of the activity of communal groups, which are turning aside from the state's tutelage more and more and speaking in defense of citizens' interests, is gradually changing. They are conducting a struggle for autonomy from the state and political parties and they are taking part in acts of civil disobedience and national strikes. The 14th Colombian Communist Party Congress noted the important role of communal groups in the struggle for the people's interests, stressing at the same time their significance as organizations which unite the representatives of different strata, including the petty and middle bourgeoisie.

Certain positive changes which took place in the country in the early 1980's—chiefly the truce between B. Betancourt's government and the basic guerrilla organizations (1984)—unquestionably had an effect on development of the democratic movement. Under conditions of the growing mass struggle and widespread mobilization of the civilian population to resolve specific problems, the trend toward coordination of actions among the different social organizations was reinforced. After the First National Congress of Civic Movements in 1983, a coordinating committee was established for these movements, as well as similar organs in the communal and ecological movements and the movement for people's housing.

The Second National Congress of Civic Movements and People's Organizations (July 1986) actually demonstrated the achievement of certain unity among the new social movements and the increased level of civic and, to a certain extent, political consciousness of their participants. Such a representative people's forum was held for the first time in the past 10 years (3,000 delegates from more than 2,500 organizations). Among the questions discussed by the congress participants were ones dealing with democracy and socialism, the people's mobilization, the movements' political strategy, development of alternatives for development, and so forth.⁹

Peru has its specific features as well. As long ago as 1961 there were 202 "young settlements" (people's blocks) in the country with a population of 448,000, but in 1986 there were about 1,000 (over 3 million residents).¹⁰

With the assumption of power by the progressive military government of V. Alvarado, the effort by the military to transform the old political system and to bring the broad masses into the revolutionary process determined the inclusion in the political system of the mass public

organizations, which had grown stronger by that time, as an important element—the trade union, youth and women's organizations, as well as the residents' associations of the "young settlements," whose members had entered the political arena. The demands of the associations concerned the organization of education, public health, and self-government. Newspapers and theatrical and musical groups made their appearance in the "young settlements" and attempts were undertaken to establish relations with other public organizations and lower-class Christian communities.

Ambiguous processes were taking place in the social movement in the cities in this period. The state established conditions for the development of a movement of the "young settlement" residents and at the same time, it attempted to establish control over the people's organization through the ministry, the social services, and through a new institution—the National System for the Support of Social Mobilization (SINMOS). On the other hand, the movement itself sought to reaffirm its independence and autonomy with respect to the state.

The situation which took shape in Peru in the late 1970's—the economic crisis and the military government's deviation from the revolutionary-democratic reforms—led to important changes; closer ties are established with the workers movement, joint committees to organize the struggle emerge, marches are held, and "common saucepots" are established in the "young settlements" for the period of the strikes. The residents associations take part in all five national strikes in the 1977-1979 period.

The accelerated process of politization was demonstrated in the active participation by the residents of people's blocks in the elections. The political orientation was changed as well, and this was vividly demonstrated in the municipal elections of 1978 and 1983. In 1983, candidates from the coalition of the United Left won in half of Lima's districts.

Under the sharply worsening conditions among the masses, hundreds of people's dining rooms, kindergartens, committees to provide children with milk (the "Glass of Milk" program maintained by the municipality of Lima), and every possible kind of women's organization made their appearance in the early 1980's in the cities. This led to a certain autonomization and separation, but at the same time greater flexibility of the movement, which was able to find new forms of participation in the struggle for the workers' rights, was displayed. Demands for social justice, extension of democracy, participation in political life, and suppression of violent actions became more and more frequent.

One of the important and newest directions in the activity of the social movement in cities is the municipalities, especially where they are led by representatives of the leftist forces. Former leaders of residents' associations began working in certain municipalities in the

1980's, which undoubtedly brought the local government closer to the problems of the most deprived section of Peruvian society. Even new institutional forms made their appearance under the municipalities—mixed commissions of residents' organizations and municipalities, planning groups, and so forth.

The process of the emergence of democracy from below and the linkup between the civil society and local government—the process which the social movement is fighting for in the city—has begun to assume specific outlines.

A thorough understanding of the changes which have taken place in the past decade in the social and political life of Latin American countries is impossible without understanding the place and the role of the new social movements.

Footnotes

1. A. Gramshi, "Izbrannyye proizvedeniya" [Selected Works], Moscow, 1980, p 281.
2. Ibid, p 282.
3. Pinochet, "The Fatherland and Democracy," 1983, pp 118-119.
4. J. Garc!a, "Las organizaciones barriales de Quito" [Quito's Barrio Organizations], Quito, 1985, p 94.
5. "Movimientos sociales en el Ecuador" [Social Movements in Ecuador], Quito, 1986, pp 240-241.
6. PROBLEMY MIRA I SOTSIALIZMA, No 2, 1984, p 71.
7. Ibid, pp 72-74.
8. "Political Resolution of the 10th Congress of the Ecuadoran Communist Party. December 1981." Guayaquil, 1982, pp 15-16.
9. ALAI, Montreal, 1986, No 84, pp 17-21; 1987, No 89, pp 3-7.
10. "Movimientos sociales y crisis: el caso peruano" [Social Movements and Crisis: The Peruvian Case], Lima, 1986, p 119; "Movimientos sociales y democracia: la fundacion de un nuevo orden" [Social Movements and Democracy: The Foundation of a New Order], Lima, 1986, pp 69-70.

COPYRIGHT: Izdatelstvo "Nauka", "Latinskaya Amerika", 1989

Brazilian Businessmen on Trade With USSR
18250089 Moscow EKONOMICHESKAYA GAZETA in Russian No 51, Dec 88 pp 20-21

[Report on seminar: "USSR-Brazil: Interaction Over Distances"; paragraphs in boldface as published]

[Excerpts] The visit by Jose Sarney, president of the Federative Republic of Brazil, to the USSR, which was held in October of this year, and his negotiations with M. S. Gorbachev, general secretary of the CPSU Central Committee, and with other Soviet leaders gave a new impetus to multilateral, including trade and economic, cooperation between the Soviet Union and Brazil.

During the days of the visit a Soviet-Brazilian seminar was held on problems of cooperation, whose organizers were GAZETA MERCANTIL published by Brazil's business circles, the USSR Ministry of Foreign Economic Relations, and EKONOMICHESKAYA GAZETA. On the Brazilian side the state petroleum company Petrobras, the big industrial firms Vale do Rio Doce and Odebrecht, and Cafe Soluvel Brasilia, the leading producer and exporter of soluble coffee in Brazil, were the sponsors of this seminar. The firms Inova Empreimentos and MAPA, leaning on Brazil's government circles and trade associations for support, were the direct organizers of the business meeting. The seminar was held simultaneously with the "Expobrazilia-88" fair, which took place at the Moscow International Trade Center with the support of the All-Union Sovintsentr Association.

In the course of the seminar business circles of Brazil and the USSR expressed dissatisfaction with the present state of economic relations between the two states and analyzed ways of developing traditional, as well as new, forms of cooperation. According to the parties' conviction, the Soviet-Brazilian trade turnover, which is characterized by unstable rates of growth and a considerable imbalance, in the next few years can be increased significantly and its structure can be improved through a rise in the share of machine and technical products. The intergovernment agreement on mutual deliveries of machinery, equipment, and other goods signed during the visit of the President of Brazil will contribute to this.

According to the conviction of the business circles of both states, restructuring in the USSR and the transformations carried out in Brazil for the purpose of modernizing the economy and reducing foreign debts become the guarantees of a successful development of mutually advantageous relations between them.

The interaction potential is also based on the considerable experience in mutually advantageous cooperation during the preceding period, including in the realization of large power, metallurgical, and irrigation projects in Brazil with USSR technical assistance. The large Capivara GES equipped with powerful and reliable Soviet-produced turbines is the most striking symbol of Soviet-Brazilian interaction.

During the days of the visit the parties signed a major, new contract for the Pontal project, which envisages Soviet participation in land irrigation in the arid state of Pernambuco.

On the whole, during an examination of bilateral trade and economic relations the business people of Brazil and the USSR especially stressed the need for a search for new directions in cooperation with broad participation of both state organizations and enterprises and private companies.

According to an agreement between EKONOMICHESKAYA GAZETA and GAZETA MERCANTIL, both newspapers, along with information on the seminar, publish information and advertising materials on the business partners of both states. Today EKONOMICHESKAYA GAZETA publishes materials presented by the newspaper of Brazil's business circles.

A Pearl From the Amazon Selva, (Bernardo Spiegel, vice-president of Companhia Vale do Rio Doce)

Among Brazil's industrial companies Companhia Vale do Rio Doce stands out for the scale of its many-sided activity on domestic and world markets. [passages omitted]

Companhia Vale do Rio Doce is a reliable partner on the world market. Recently, it has been actively developing mutually advantageous business relations with Soviet partners. They include the USSR Ministry of Foreign Economic Relations, the USSR Ministry of the Maritime Fleet, and all-Union Tyazhpromeksport and Tsvetmetpromeksport associations. Several important projects are being considered with them and an agreement on some of them has been reached.

In particular, a protocol on a joint reconstruction of the Ust-Dunayskiy Port in the USSR and its preparation for the acceptance of ships with a 150,000-ton displacement (now it can accept only up to 70 tons) was signed. Subsequently, the port will also begin to process a large number of containers.

The Carajas project—for the development and deliveries of ferromanganese ores—is very promising. It can develop into broader cooperation in the field of metallurgy.

Other projects are also very tempting, although now they can resemble only dreams. For example, Brazilian ore carriers, which deliver ore to Japan, could go back not empty, but with hard coal mined in the Soviet Far East. Would the Soviet Union—the biggest steel producer in the world—not have reason to use, even if partially, Brazilian iron ore, which is of an exceptionally high quality, in its metallurgy?

With mutual interest the USSR and Brazil can realize any, the most daring, dream from the field of trade and economic cooperation.

Trade Turnover Can Be Doubled (Luiz Almeida, vice-president of the Odebrecht Company, president of the Soviet-Brazilian Chamber of Commerce and Industry)

In 1979 Brazil's Confederation of Chambers of Commerce signed an agreement on cooperation with the USSR Chamber of Commerce and Industry, which became one of the links in the development of Soviet-Brazilian trade.

Taking into consideration the changes occurring in connection with the restructuring of foreign economic activity in the USSR, in June 1988 both parties established the Soviet-Brazilian Chamber of Commerce and Industry with headquarters in Rio de Janeiro. It was charged with providing the interested partners with the necessary information, conducting appropriate research, and organizing business trips, exhibitions, and symposiums.

This is precisely the sphere in which Brazil's Confederation of Chambers of Commerce with departments in 1,500 cities throughout the country can be useful. Separate chambers of commerce were unified into 26 federations—one in each of the 20 states, one in each of the five territories, and one in the federal (capital) district. As a result, the confederation appears as a collective body representing all the branches and sectors of the Brazilian economy.

Proceeding from the capabilities of our states, Brazilian businessmen would like to raise business relations with partners from the USSR to a higher level. After all, thus far the mutual trade volume of the USSR and Brazil totals only about 450 million dollars annually. Both parties see no obstacles to this figure being at least doubled in the next few years.

We await with confidence an upsurge in Soviet-Brazilian cooperation. The confederation will gladly make its contribution to it.

Reliable Partner

The ODEBRECHT Company is one of the major partners of Soviet organizations in Brazil. This is a Brazilian industrial firm working in several sectors simultaneously. Petrochemistry, construction of electric power facilities, oil and gas drilling, mineral extraction, agriculture, and, recently, informatics and automation are the spheres of its activity. More than 50,000 workers and employees work in the firm.

The agreement signed between the USSR Ministry of Foreign Economic Relations and the ODEBRECHT Company is to promote the development of cooperation with the Soviet Union. It provides for the realization of

mutually advantageous joint projects in Brazil, the USSR, and other countries, primarily in heavy industry and industrial construction, as well as an exchange of technology.

For now, however, economic relations between the USSR and Brazil, obviously, lag behind the potentials. Roberto Diaz, director of ODEBRECHT, looks at the future with optimism. In his opinion, interaction in civil construction, in petroleum extraction and refining, in the chemical industry, and in the development of communication systems is possible on USSR territory. On Brazil's territory the widest prospects open up for interaction in industrial construction and irrigation. With regard to third countries there are opportunities for joint activity in Angola, Nigeria, Algeria, Zimbabwe, Peru, and, possibly, Argentina.

The Tekhnopromeksport-ODEBRECHT Consortium formed for the construction of the Capanda Hydroelectric Power Complex in Angola gives a good example of Soviet-Brazilian cooperation in third countries. The Capanda project is of great importance both for Angola and for the development of Soviet-Brazilian cooperation in third countries. In the project's realization the Soviet side is responsible for planning work and deliveries of equipment. Brazilians handle the infrastructure and all types of civil construction. For Brazilian technology and other services the Angolan side pays with petroleum.

The small town of Capanda is located on the Cuanza at a distance of 400 km from Luanda. Four generators of the future GES should produce 520,000 kwhr of electric power annually. The dam is 110 meters high and 1,120 meters wide. The water reservoir table will have an area of 170 square km.

The installation will become Angola's first major step on the path of industrialization. Banco do Brasil (Casex) finances the project.

The restructuring of foreign economic relations in the USSR opens up new opportunities for ODEBRECHT, including for capital investments within the framework of Soviet legislation.

... Plus Unsurpassed Coffee (Luiz Leite, vice-president of the Cafe Soluvel Brasilia Company)

Brazil and the Soviet Union have much in common; first of all, vast territories, a diversity of natural resources, a large population, and large-scale national economies. Obviously, such common features also explain another similarity—in the past, the orientation of the economies of both Brazil and the USSR primarily toward the domestic market and a certain closure with respect to the foreign market. Possibly, they also explain the low level of trade between the two states despite the vast opportunities for a commodity exchange, establishment of joint enterprises, technical assistance, and interaction, including in third countries.

As it turns out, we now have another similarity—the desire of both states to fundamentally improve their economic situation, to raise the standard of living, and to attain a more efficient realization of the principles of social justice.

International cooperation is an efficient path for an improvement in well-being. The cooperation is not only in heavy industry, but also in consumer goods. In particular, Brazil has big opportunities for deliveries of foodstuffs, raw materials, clothing, and some other types of durable goods to the foreign market. Among food products coffee should be put in the first place.

As for many other countries of the “third world,” coffee is for Brazil the key factor in development. In the past precisely coffee helped the country to obtain the resources necessary for financing industrial development. The slump in the demand for coffee in the world, which has been observed in the last few years, is now replaced with a tendency toward a gradual increase in demand in industrial countries, which are traditional coffee customers. As far as we know, there is also a demand for coffee in the USSR.

Brazilian soluble coffee fully meets the taste of the Soviet consumer. This is the most popular beverage in the world, which is combined with various other food products. It is fully suitable for countries with a cold climate.

Our enterprise CAFE SOLUVEL BRASILIA has operated long and actively on the Soviet market. It can be recalled that our unsurpassed product was considered the “official coffee” at the Olympic Games in Moscow. Brazil constantly sells coffee to the Soviet Union. In 1987 alone the USSR imported 5,790 tons of Brazilian soluble coffee.

In addition to our firm, Casique, Iguacu, and, recently, Vigor companies have also been selling coffee to the USSR.

We hope that Soviet business people will also help us to find in your vast country consumer goods, which Brazilians need and which can suit their taste.

A commodity exchange of coffee for Soviet products would expand the street with a two-way traffic in Soviet-Brazilian trade and would make our economic relations more stable. Both countries and their consumers would gain.

Brazil's Growing Role in Latin America, Relations With U. S.

18070175 Moscow IZVESTIYA in Russian
19, 21 Mar 89

[Article by IZVESTIYA political commentator Vitaliy Kobyshe: “The Phenomenon of Brazil”]

[19 Mar 89 p 5]

[Text]

Part I

I am writing about Brazil after more than 20 years have passed. I have not written about this country, where I lived and worked for several years, for a simple reason: the local authorities did not allow me here for over 20 years. The doors were hospitably opened to other Western countries, and I worked as an IZVESTIYA correspondent in Britain and the United States for many years, but they did not admit me into Brazil. But why? Obviously, the dictatorship established here after the military coup in 1964 did not want a Soviet correspondent who had been driven out to come. And the Soviet ambassadors in certain Latin American countries at that time were not burning with much desire to help a Soviet correspondent who had been slandered and persecuted by the Brazilian—and not only the Brazilian—special services.

Altogether it was a very difficult time in this region. Moreover, our personnel situation here was not in the best condition, to put it mildly. There were diplomatic representatives who had a poor conception not only of world processes, but the situation in countries they were assigned to. Certain ambassadors who had served their time as party functionaries were particularly annoying. They were often experienced, intelligent persons, but their overall style of work and approaches to problems remained the same as in the oblast or kray where they exercised leadership before.

I do not wish to say that there were no brilliant persons, no broad-minded, well-prepared diplomats who were familiar with the country they were staying in, among the ambassadors in that bad, stagnant period. They were very talented and honest persons, but it was hard for them if they displayed independence and reported the truth in their dispatches and not what delighted those in authority.

Indeed, the unforgettable 1960's. Everything was unshakable allegiance to the Motherland and heroism, and the absolute power of bureaucracy, thoughtlessness, and political narrow-mindedness which nullified them. This was an ideal environment for all kinds of nonsense.

How everything has changed since those times.

I have been to South America twice in recent months, meeting with Soviet ambassadors in key countries and our other employees. I have nothing to compliment anyone about, but after these meetings and discussions I was encouraged. In Cuba, Brazil, and Argentina I dealt with fellow countrymen “with whom I would go on a reconnaissance mission,” as they say.

My modest experience reveals that our policy in Latin America has really undergone revolutionary changes if measured by previous decades. Parliamentary and other delegations from the USSR visit here regularly now. For the first time in all our not so short history, a Soviet

minister of foreign affairs visited a number of key countries on the continent in September 1987, which made an important impression on Latin America. We have begun working in earnest here in the name of peace, friendship, and cooperation.

Nevertheless, there is something I do not understand. Why didn't the previous leaders of our foreign policy department find a week, or at least 2 or 3 days, to pay tribute to the Latin American peoples by visiting here? If someone begins saying that they did not go in order not to spoil relations with the United States, this will sound strange. Americans travel where and when they want, including to the places that are the most sensitive for our country's policy. Without asking anyone's authorization and without taking into account how we react to this. At the same time, some people in Washington are extremely sensitive as before about the least possible presence by us in Latin America, considering this region their own, and consequently closed to other countries, socialist countries first of all (it has become popular to call it "the soft underbelly of the United States").

But let us return to Brazil in the 1960's. Just what happened there, and why did we have to leave? We have to return to events that have been partially forgotten already (but we should not forget about them).

The country's president at this time was the progressive Joao Goulart, "Jango" as he was affectionately called by the Brazilians who liked him. The overwhelming majority of them supported his democratic reform policy. "Jango" ran into violent opposition in following this policy. Goulart had more than enough enemies. The large landowners who, together with the foreign monopolies, owned 80 percent of the land suitable for cultivation and livestock raising, while four out of every five peasants did not have a plot of land, disapproved of the promise to carry out agrarian reform. The influential part of the military, which was inclined toward anticommunism and traditionally played an important and often deciding role in events taking place in the country, also observed what was going on gloomily.

The northern neighbor—the United States—bore the most ill will of all. The heads of a number of American departments regarded the Goulart regime with hostility from the very beginning. They were put on guard particularly in connection with Brazil's reestablishment of diplomatic relations with the Soviet Union and the expanding cooperation between our countries in trade and other areas.

The tension increased. In the bitter struggle behind the political scenes, General Castelo Branco was playing a more and more substantial role. An unremarkable, dull campaigner, he was known for his blind devotion to the

United States. One detail of no small importance. Castelo Branco had attended the military academy in the United States at one time and made friends there with an American officer, Vernon Walters. Let us remember this name.

In the years I am referring to, that is, the early 1960's, Castelo Branco commanded Brazil's 4th Army, with headquarters in Recife, the country's third largest city and capital of the northeastern state of Pernambuco. The general entered into open conflict with the governor, Miguel (Arrajns), one of the progressive political figures in Brazil who was most popular at that time. In order to relieve the tension, "Jango" called Castelo Branco to Rio de Janeiro and appointed him chief of the general staff of the ground forces. The president had information that Castelo Branco was preparing a plot, but he thought that by removing the mutinous general from the direct command of troops he would neutralize him.

This was a serious miscalculation. Castelo Branco turned out to be in a key post which enabled him to engage in the practical organization of a coup. He distributed a secret memorandum among his subordinate officers which openly called upon them to oppose the legal government under the pretext of "saving Brazil from the communist threat."

One more factor of no small importance. By a "strange coincidence," the military attache at the U. S. Embassy in Rio de Janeiro at that time turned out to be Col Vernon Walters, Castelo Branco's old acquaintance. "D-day," the code for the date of the coup, fell on 1 April 1964. Goulart offered practically no resistance, and nearly all the military refused to support him. He was flown away to one of his estates in Uruguay after choosing the lot of a political refugee. For nearly 20 years, Brazil was a state under a military dictatorship.

What is the reason that Brazil has now been opened up? A great many things. Well, first of all, the military dictatorship ended. All the same, the main reason is restructuring, beyond any doubt. I think even if a military regime were still in Brazil, it is unlikely that they would refuse a visa now in view of the changes that have taken place in Latin America and the entire world.

This time they gave me a visa as if they were overjoyed. In several days I was honored by a frank discussion with the current president of the Federative Republic of Brazil, Jos Sarney, who was preparing at that time for a trip to the USSR (IZVESTIYA published an interview with him). At times I had the feeling of coming home. And I quite definitely felt that I had plunged into a world of friends.

But this was the new Brazil, not simply vast (fifth place in the world in territorial size), but powerful and extremely dynamic in its development.

I was compelled to fall back on statistics, without which this country cannot be understood.

First of all, the population, apparently a blend of all existing races and nationalities called Brazilians.

Brazilians live in unusual harmony for today's world, which is torn apart by nationality differences. One is also struck by the dynamics of population growth. In 1966 there were 80 million Brazilians. In 1980 their number had increased up to 123 million, which meant that roughly one-third of the people in Latin America live in this state. The country now has 140 million residents, 145 million according to other data. Specialists who are the most cautious in their estimates believe that at some point in the first quarter of the next century, Brazil's population will exceed that of the United States.

As far as the basic natural resources are concerned—iron ore (the largest deposits in the world), coal (21 billion tons), manganese and uranium ore, bauxites, diamonds, gold, silver, and other minerals, many of which the United States has none at all (which largely explains Washington's imperial policy with respect to Brazil and the entire "Third World" and the excessive U. S. Navy presence and the "rapid deployment forces"), in general and overall, Brazil very likely has more than its powerful northern neighbor.

The petroleum picture is more complicated. But while a quarter century ago there was practically none at all here, gushers have appeared in various parts of the country now (the result of increased exploration). Over the past 5 years, oil extraction has doubled (30.6 million tons in 1987). Prospecting for oil is continuing, and it appears that Brazil will provide for its own requirements quite soon.

In the meantime, the Brazilians, whose diligence and inventiveness cannot be denied, apparently devised something that no other country has. The engines of about half of the country's motor vehicles have been adapted to use not gasoline, but their own production of alcohol (thankfully they have enough sugar cane), even though it is not very cheap. Driving on alcohol is considered a sign of patriotism (there is no law here on drunkenness and alcoholism, and it would not occur to anyone to adopt it; the socioeconomic structure of the society, not the law, compels the people to be sober). The number of gasoline engines is declining and the number of alcohol engines, which are economically clean and nearly devoid of exhaust gases, is increasing accordingly.

Brazil's industrial development over the past decades (everything cannot be explained by figures here, even if only because a major part of industry is made up of the branch enterprises of supermonopolies from the United States, Japan, the FRG and other countries) is no less impressive than what has been achieved by "the four dragons"—South Korea, Taiwan, Singapore and Hong Kong.

Brazil now dominates the world market not only with its coffee, cacao, and other tropical delights. Finished products, particularly electronic, chemical, automotive, light industry, and military production items, are becoming fully competitive more and more.

Predicting anything in our rapidly changing time is a risky matter, of course. But it is not only those who foretell the future, but economists who work with scrupulous calculations who consider it possible that Brazil will become one of the five most industrially developed capitalist countries in the next quarter century (it is now in eighth place).

The rapid, if not turbulent, industrial development of Brazil makes it all the more amazing that the social structure of this country remains backward and its agriculture, for the most part, is in the hands of large landowners (changes are also under way here, however; in individual regions, basically in the south, the latifundios are being turned into highly productive agrarian enterprises). For this reason, few persons will undertake to predict the changes that will take place in agriculture in the coming years.

In 1968—20 years have passed since then—Polizdat [Political Literature Publishing House] published a book on Brazil which predicted that in the historically foreseeable future (what is 50 or 100 years for history?) this country will surpass the United States in many economic indicators. At that time this was perceived as scientific fantasy by some people. Now the same skeptics are speaking about this as a scientifically grounded prediction. A considerable leap in perception of the Brazilian phenomenon in two decades, as you see.

Does this mean the inevitability or even the possibility of a change in the United States' policy with respect to Latin America and a more respectful attitude toward Brazil in the near future? I have no answer to this; too many factors determine Washington's policy, and for that reason it appears at times to be completely irrational, and if the full truth is told, it is selfish, forcible, and imperial as usual. And this refers not only to Nicaragua and Panama.

Why is it so: after all, is there a kind of understanding increasing in the United States of how our interrelated world has changed and that the methods of force used before have lost their meaning and now often lead to reverse, negative results? We must clarify here. This new reality is already being taken into account in the United States in relations with our country, to a certain extent. That is, there is an understanding that the world is different and we must live in it differently, that is, in a humane and civilized manner.

"Yes, of course, there is such an understanding of the changed situation in the world in the U. S. ruling circles, but this is where it concerns the USSR, a great power with your influence in the world, restructuring, and even

military potential, which is not inferior to the American potential," I was told in a private conversation with the head of state of one of the Latin American countries. "With us it is the usual methods of economic exploitation and dictation."

I have heard a similar response from the leaders of other developing countries on other continents as well. It has long been common knowledge that the United States respects power. I am not saying that we do not have to reduce arms. In my view, especially as a civilian, they should be reduced even further than planned. The experience of other countries, perhaps Japan first of all, shows that power in our time does not lie in weapons.

That's as it may be, but unfortunately, and we ought not to forget about this, in the United States, and not only here, they view all these up-to-date things as reasonable and necessary in relations with so-called "civilized" countries. As for those with whom they consider it possible not to stand on ceremony too much—from Panama to Afghanistan—they act in the usual way: with the arguments of concentrated force.

The fact that such "arguments" are also being used with respect to Brazil is an extremely serious, inexcusable miscalculation by American policy makers. This state is already getting closer to the category of a great power. And what will it be in another 20 years (I am referring not only to the Brazilian economy)? No one can predict this. It is clear only that Brazil will rank quite soon with today's great powers, and it is very possible that it will even surpass one.

Everything that I saw this time in a very familiar country confirms this assumption. My conceptions were also reinforced by a conversation with the current president of the Federative Republic of Brazil, Jos Sarney.

In his fifties, but looking much younger, he comes from the arid northeastern state of Maranhao; he received me in his private residence, the Alvorado Palace in Brazil's capital. I will not speak about the palace, the work of the great architect Oscar Niemeyer, who deserves a special story: Joao Goulart gave an interview here in 1962, and I do not wish to repeat it.

We had an interesting discussion with Goulart, but he was a politician and large landowner. Jos Sarney, aside from being a politician, is a journalist and writer, and the author of books which are also published in our country. The detailed, relaxed conversation with which he honored me was conducted as if he wanted me to see him not only as the president of one of the major countries in the world, but a writer as well.

When I told the Brazilian president about the previously mentioned book published by Politizdat, which stated that if the course of civilization proceeds on its previous path, the historic rival of the United States will probably not be the Soviet Union, Japan or China, but Brazil, he

brightened and expressed interest both in the book and the concept set forth in it. "Well, everything is possible, although this is a long way off, a very long way," he said. "But many in Latin America, including Fidel Castro, actually, believe that the stronger Brazil becomes economically, the easier it will be for Latin America to resist pressure from the United States. This pressure, which they know little about in Europe, is only not slackening, it is becoming more and more severe."

A month later, I had the opportunity to speak with Fidel Castro, which turned out much the same. F. Castro fully supported not only the opinion expressed by the Brazilian leader, but his position as a whole. Not being a diplomat, I assume that this mutual understanding between two key Latin American leaders is of no less significance than the signing of agreements.

Indeed, on the whole, in speaking about all of Latin America, a process of economic and political integration has become noticeable here. Nearly all Latin American countries (clearly, I am not speaking of Chile, Paraguay or Grenada) now are extremely critical of Washington's hostile, subversive policy toward Nicaragua and Panama. They all consider Latin America's incredible, fantastic debt to be the result of its plunder, chiefly by American monopolies. According to different figures, it amounts to 410 to 420 billion dollars; the Latin American states will not be able to pay off such a sum, of course. One does not have to be a prophet to see that this bondage of debt will end badly.

And one more thing which the political scientists seldom remember, for some reason—the results of the Anglo-Argentine war over the Malvinas (they are the Falkland Islands). Not only Argentina, but all Latin American countries remember that Britain sent ships with nuclear weapons into the war zone. They also remember something else: that England defeated Argentina in attempting to keep the islands with the direct support of the United States. After these events, reports appeared in the press that certain Latin American states had revised their military doctrines. They replaced the vague "threat of communism" in them, according to these reports, with the real threat from the United States and certain other countries that are members of NATO.

The conversations in Brazil touched on all this and a great deal more. But this was incidental. The main thing that interested all the various individuals I talked with was our restructuring that is under way. The extraordinary interest in it amazed us, a group of Soviet scientists, industrial managers, writers, and journalists that came here for a seminar that took the form of a major social and political event. It was devoted exactly to our restructuring and its effect on the rest of the world. But this will be discussed the next time.

[21 Mar 89 p 5]

[Text]

Part II

We, the 12 Soviet participants in a seminar on the topic "Restructuring in the USSR and its Effect on the World," were carrying blue plastic bags brightly inscribed "perestroyka" in Portuguese.

The seminar is being held at the same time in three major Brazilian cities—Brasilia (the capital), Sao Paulo (the industrial heart of this now industrially powerful country), and Rio de Janeiro (its intellectual and spiritual center). The seminar was organized by the Brazilian Democratic Center (its president is Oscar Niemeyer, a great 20th century architect), but all the leading universities and scientific centers, leaders in the National Assembly—the parliament, and practically all the political parties and trade unions, as well as the government, which is financing the seminar to a considerable extent, are taking part in it.

On the Soviet side, the seminar was organized by the Soviet Committee for the Defense of Peace. Its envoys—scientists, production managers, writers, and journalists—are known at home and abroad as well. Very different persons, with striking individuality and with positions and viewpoints that often do not coincide. To the delight of the Brazilians, skirmishing more often than not among themselves, not with opponents from the other side or from the audience.

They argued about the most diverse problems. Are there guarantees that restructuring will be confirmed once and for all? Can a personality cult be repeated in our country now? Why are we seeing a decline in Soviet people's standard of living and slippage in the economy? How practical are the rural cooperatives, with the family contract at the same time, especially within the framework of kolkhozes and sovkhoses? How are the activities of such departments as the Ministry of Foreign Affairs, the Ministry of Defense, the KGB, and the Gosplan controlled by the people, the Soviet public? Who bears the responsibility for adoption of the decree on the struggle against drunkenness and alcoholism, and is the damage to the country from its disastrous aftereffects really comparable with the destruction left by the Mongolian Tatars' invasion? What is the reason for the phenomenon of B. N. Yeltsin and what kind of a person is he, in general? How is it possible for the chauvinistic organization "Pamyat" to exist in the socialist Soviet Union? Is it true that part of our militia joined with the Mafia in plundering, violence, and extortion?

And a great deal else was directed at us, the Soviet participants in the seminar, I repeat, to the Brazilians' delight. But it must have been not only to their delight. They had the opportunity, from the animated faces, the angry phrases, and ardent speeches of our countrymen (the industrial genius from Ivanovo, V. P. Kabaidze, captivated the audience in particular by his sincerity as

well as the extent to which he was informed) to be convinced that everything is discussed in our country now, that there are no forbidden topics, and that glasnost is alive and real.

The discussions continued for 5 days from morning until late evening; 5 days of close attention from the best minds in Brazil to our most critical problems, even our innermost problems. Five days of discussions on such an intellectual and cultural level that at times it was depressing: why can't we act this way with each other at home, in a considerate manner, without barbs and insults?

What we, the Soviet representatives, have told the reader about restructuring is more or less clear. But what do they think there, in geographically remote Brazil, which has turned out to be so close in spirit, about a people that has undertaken a task of unbelievable difficulty and which to many—strangely, not so much to them there as to us—seems to be too much to accomplish?

I could cite a great many superlatives of all kinds from the Brazilians: what person in our time who considers himself a sensible person, not necessarily a progressive one, will not openly welcome restructuring in the USSR? I will refrain from the superlatives, but I will repeat certain statements.

Professor Elio (Jaguaribe), rector of the Institute of Social and Economic Research in Rio de Janeiro: "Restructuring, together with the revolution in 1917, are the most important events of the 20th century. The revolution defined mankind's path in the 20th century and restructuring is leading mankind into the 21st century," he said. Professor (Cristovam Buarque), rector of the university in Brasilia, approached the same question from another side. "What the Soviet people are engaged in today," he said in his speech, "is essentially what other countries are doing—China and Yugoslavia, Burma and Hungary. The central problem for everyone, obviously, is whether this will be correlated with the interests of the state, the society, and the individual so that real personal freedom is preserved, not proclaimed as it is in our capitalist society. The question of how to rid ourselves of the oppression of the bureaucratic mechanism which grinds down the creative individuality of people and citizens' personal freedoms. The answer to this question will produce a discussion which lasts not for 5 days, as our seminar, but perhaps 40 or 50 years. We are grateful to the Soviet Union for being the first to begin this discussion."

These are the kinds of clear statements that pleased us. But the busy people who gathered at this super (as nearly everything is in Brazil) seminar were too earnest to just give compliments to each other. Other voices, quite different ones, were heard as well. Persons unfriendly to us and openly anticommunist were present at the seminar (everyone was mixed together in the Oblonskiy house: the leader of one of the two communist parties

existing here, the one that does not approve of us, managed to show up, listened to us and left right away—he didn't like it). But I am not referring to these persons now. Their unfriendliness or even hostility toward our country and the processes under way in it were neutralized to a large extent by the skirmishes among Soviet participants in the seminar themselves; what could "anti-Soviets" say here?

The self-criticism probably went somewhat too far, and this could be judged, in particular, from the observation by a very serious researcher on Soviet problems, Professor Teotonio dos Santos. "Our Soviet friends are openly discussing the new problems facing them," he said in a well-meaning manner. "This is very good. Before they only sang the praises of their economy and their entire system in general. But now they are recklessly criticizing everything with even greater passion. I do not think either one is correct. A calm, objective, scientific analysis of the situation is needed." What could be said against this? And we did not say anything; the Brazilian professor was right.

However, I do not wish to create the impression that everything was digestible for us on the whole, although it was unusually stirring, at this Soviet-Brazilian meeting, modestly called a "seminar," although in its scope, the depth of the problems discussed and its participants it took the form of a major international congress. Inasmuch as it was glasnost, no special dramatic effect was present in the discussions. No, at times we didn't feel very well and sometimes, I confess, we leaned over backwards in improvisations that were not very convincing either for us or the audience. At the same time, we never forgot for a moment that glasnost is not the freedom to chatter everything that comes into one's head, but a state of affairs in which words should contain 100 percent of the truth or, as they said in olden times, be better than silence. I should mention that the Soviet Committee for the Defense of Peace had assembled a collective whose participants spoke no words that were untrue.

It was not easy for us when a Brazilian speaker stated: the information we are receiving is that democratization in the USSR at present amounts to glasnost with empty shelves in the stores.

We did not feel ourselves when Brazilians asked: how can a person with a minimal pension which is barely enough to buy a pair of decent shoes live in your country?

We were ashamed and hurt when mainly communists said to us: how can it be that we have idolized the USSR all our lives and it now turns out that it was a prison for tens of millions of people?

What can you do if everything must be paid for in this life. We must pay for yesterday's lies with today's shame which, alas, is spread to persons who do not deserve it.

Very likely in the United States or some prosperous West European country it would be even more painful for us. The Brazilians, who got rid of a cruel, despotic regime quite recently themselves, regard our extremely painful history and our irregularities which still exist with more understanding and sympathy than in many other states, it seemed to me. They know from their own experience that the problems accumulated for decades cannot be resolved in an hour. That very few in our world have the moral right to assume the role of judges by pronouncing verdicts not against single leaders who were at fault, but entire nations and states.

In a word, the Brazilians and we not only understood each other, but we often spoke in the same language. In beautiful Esperanto of mutual respect and complete frankness. True, there was a certain difference in the assignment of roles: we were the ones invited, and it was assumed that the answers to questions would be more our affair than theirs. I will return to them again, as they explain a great deal, but now to those questions related to foreign policy problems.

Professor Teotonio dos Santos, who has already been mentioned: "We have the impression here that the efficiency of capitalist production is being idealized in the USSR (at the same time, of course, such terms as "commodity market," and so forth are used). From our point of view, this can put the Soviet Union on a dangerous path (the situation in Yugoslavia as an example). Won't restructuring lead to camouflaged capitalism?"

Questions from the hall: "To what extent is priority being given in the USSR's foreign policy to rapprochement with the countries of Western Europe, especially in connection with the plans for complete economic consolidation of the EEC by 1992?" "Are the reports that the Soviet Union has chosen the socioeconomic structure of Sweden as a model for itself true?" "In Brazil's new constitution that was adopted on 5 October, and this was a tremendous victory for our democracy, it states that the use of nuclear energy (which is controlled in the strictest way by the state) is possible only for peaceful purposes. Are there similar restrictions in Soviet legislative documents?"

Professor Elio (Jaguaribe), who has already been quoted: "The impression has been created that the USSR intends to concentrate all its efforts in the coming years on the solution of domestic problems, chiefly economic ones. This is understandable, but how can this policy be combined with a policy of internationalism and with aid to developing countries that are engaged in a desperate struggle against imperialism?"

(Seixas Correia), assistant to the Brazilian president for political affairs: "A kind of alliance or detente has now taken shape in relations between the Soviet Union and the United States. In itself this is certainly useful for universal peace. But you probably realize that in the

developing countries, including Brazil, this is perceived by many persons as a kind of collusion, a distribution of spheres of influence in the world by the two superpowers. Perhaps our misgivings are unwarranted, but we always remember an African proverb: it does not matter if two elephants are fighting or making love, the grass around them will still be trampled."

Quite unusual questions, as we see, which I have had occasion to hear in other countries, on other continents, of the so-called "Third World." Questions which again serve as a warning that, in following a policy of restructuring, we should not lapse into a state of euphoria at any time. We do not have the right to forget that the enemies of restructuring, and most of them are not concentrated in the "Third World" but chiefly in the United States and other Western countries (let us not be misled by certain dutiful compliments about restructuring coming from officials there) and they are attempting to sow distrust in our policy and in what we are now engaged in. Yes, good agreements are being signed in Geneva, but at the same time, every possible obstacle is being put in the way of a peaceful settlement in Central America and the fire of civil war is being kindled in Afghanistan. Missiles for missiles, they say, and human rights—wonderful progress, and almost complete mutual understanding of the importance of observing them, but the "Third World" is an altogether different story.

In Latin America (which imperialism is now plundering not a bit less than before), and especially in Brazil, it seemed to me, they understand all this very well. An awareness of these extremely important contradictions exists at the highest level as well. This was confirmed in Brazilian President Jos Sarney's talks with Soviet leaders during his visit to our country last October.

This was a very important visit (despite the fact that it was the first at that level in the history of our two states). And a great many epithets of all kinds could be cited here as well. We are not concerned with them. But if we really seriously sum up the results of the Brazilian president's trip to the USSR and the results of his very constructive talks, we could mention a couple of points which have remained in the Brazilian people's consciousness.

First. The documents signed in the course of the Soviet-Brazilian talks open a promising new stage in our bilateral relations. This concerns political, economic and cultural relations. I will note, incidentally, that the Brazilians intend to begin construction of a number of enterprises in the USSR soon, including factories for the production of orange juice, and we have also contracted to build something for them.

Second. Important new processes are now under way in Brazil as well as here—democratization and the effort to resolve the serious economic problems that are overpowering this state (last year inflation in this largest Latin American country was nearly 1,000 percent). In Soviet-Brazilian relations we have now risen to the level that we

are not simply observers of the processes under way in our countries (and they are similar in many respects), but we exchange experience in overcoming problems. I am not sure that this creates enthusiasm in all the Washington circles. Well, after all, we do not very much like everything that Washington does, either. We really have to proceed from what is more important to all mankind here.

We departed Brazil full of the warmest feelings for the people of this great country and for its leaders, which extended the most cordial hospitality to us. We also left with the clear understanding that we should be devoting even more attention to this distant and close land.

Cuban Official on Progress of "Rectification" Efforts

18070156 Moscow PRAVDA in Russian 11 Mar 89 p 4

[Interview with Francisco Linares Calvo, Min. Pres., Cuban State Committee for Labor and Social Security, conducted by A. Moiseyev, PRAVDA correspondent: "Cuba Today: A Search for the Sake of Changes"]

[Text] Definite success has been achieved in the economy of fraternal Cuba during the years of socialist construction. This is evidenced by the hundreds of objective statistical data. The gross national product is increasing and the fixed production capital has also grown significantly. Social indicators have also been improved, especially in public health and education. Per capita income of the population is increasing. The Island of Freedom has also achieved impressive success in terms of life expectancy and reduction of infant mortality.

However, my Cuban comrades have told me that in the course of the last two decades there have been a number of errors allowed in the country, including also in development of the economy. First there was the so-called "left leaning" and voluntarism, then the "right leaning" and "economism", which entailed strong tendencies of bureaucratism, show and formalism. Finally, all this led to the weakening of the republic's economic mechanism despite the extensive aid from its partners in the socialist alliance.

Two years ago, at the initiative and under the leadership of the Cuban Communist Party headed by Fidel Castro, the difficult process of "rectification", i.e., "correction", began on the Island of Freedom. We are referring to an all-encompassing radical process of eradicating the errors which had been allowed in the past and liquidating negative tendencies. As the leaders of the fraternal country explain this, "to correct means to seek out new solutions for old problems, to correct means to cooperate, to create, to blaze new trails, to fill the breaches, and to more rationally and effectively utilize the intellect and material means". As a result, the purification process must lead to the satisfaction of the demands of the entire population and to a significant improvement in its life.

In connection with this, "rectification" today presents the Cuban economy with a very important and immediate problem—to increase the effectiveness of social production. For its solution, proposals are being developed for improving the economic management mechanism, including also in the sphere of labor and wages. How are the resolutions of the 3rd Party Congress being implemented here?

* * *

[Linares Calvo] "Extensive work is currently in progress in our country on implementing the decisions of this party congress and the subsequent Central Committee Plenums, including also in the sphere of improving the organization of labor and wages," explained Francisco Linares Calvo, the chairman of the Cuban State Committee on Labor and Social Security, in his conversation with me. "The main task is to improve the living standard of the Cubans based on a growth in production effectiveness. In 1987 alone we increased the wages and pensions for over 1,300,000 people due to monetary funds which were saved."

We are continuously working on reviewing the output norms and on increasing their substantiation at all the country's enterprises. At the present time, we have already been able to accomplish this to a certain degree and at a certain level. The average fulfillment of output norms in the national economy comprises about 114 percent. Goal-oriented efforts are continuing on the improvement and unification of tariff-qualification handbooks on the duties of all categories of workers. This will allow us to more fairly pay for their labor with consideration for their qualification and the final results.

We are always seeking the most effective forms of connection between the amounts of earnings and the fruits of labor. Bonus payments, which as yet are insignificant, do not yet fulfill their stimulating role in the growth of production. Therefore, we are now conducting a number of experiments in various sectors of the national economy in order to take into consideration the demands of the law and the distribution by labor, and to more closely tie together the wages of all categories of workers with the results of their labor.

[Correspondent] "Comrade Minister," I asked my interviewee, "as you know, certain sectors of the national economy in Cuba are still making poor use of production capacities. The average wage is growing faster than labor productivity, and the people have no material incentive in the end results of the production. There are other shortcomings as well. Your committee has developed and is conducting experiments in various sectors of the economy in order to eliminate them and to work out proposals for improving the economic management mechanism. What is the essence of the search which is being conducted? What is its primary goal and how are the material and moral incentives being developed for the sake of increasing the effectiveness of social production?"

[Linares Calvo] "The main purpose of all the experiments," answers the state committee chairman, "is to appropriate those changes which we must introduce into the forms and systems of the labor wage in order to achieve greater effectiveness and the best possible results in material production and consumer services. This is not a simple task. Yet it must be resolved. We will in no case forget about development and moral stimuli. Important experiments have been performed in agriculture since 1987, for example in dairy farming, poultry raising and tobacco growing. There the amount of the labor wage is directly dependant on the production growth. Moreover, measures have been developed which stimulate the transfer of specialists with secondary technical education for work in the production brigades. Successful experiments on combining professions and duties are being conducted at 10 enterprises in Cienfuegos province. We are testing the effectiveness of the new tariff-qualification manuals for workers of an ever broader profile. The duties of the administrative and service personnel are being unified. The order of compilation of staff lists, etc. is being improved. Aside from all else, the enterprises are also developing new methodologies for standardization and organization of labor, as well as an order for conducting certification of all categories of workers. Altogether, around 200 enterprises will participate in one degree or another in the surveys which we are conducting."

[Correspondent] Well, such a variation of experiments will make it possible to better take into consideration the demands of the law on distribution according to labor, based on Cuba's specific socio-economic conditions. What are the preliminary results?

[Linares Calvo] At all the enterprises where the experiment is being conducted, we may already see certain positive results. Product quality has improved, production cost has been reduced, labor productivity has grown, and plan quotas are being overfulfilled. The average monthly wage of the workers is also increasing. The main thing, however, is that the people have acquired an interest in more effective and productive labor. Here are some examples for you. In dairy farming—at the "Nasareno" agricultural enterprise—milk production has increased by 10 percent. The production plan has been exceeded by 7 percent, the wage payments per liter of milk have been reduced, and the quality has significantly improved. There has been a 71 percent reduction in the number of management workers at the farm, and a 29.2 percent reduction in administrators.

The livestock raising enterprise "Tablon" in Cienfuegos province has also achieved good results. Moreover, the administrative apparatus there has been reduced by 45 percent. Positive results are evident also at the agricultural enterprise "19 April" in Havana province.

The capital city's diesel engines repair plant has almost doubled its repair of motors.

Here is another example. At the "Conrado Pinya" radio-technical products manufacturing plant in Havana, the labor productivity has increased by 11 percent, the average monthly wage has increased by 9 percent, and there has also been a significant increase in the production volume of basic types of products.

Of course, we must remember that these experiments have only just begun. Therefore, the basic positive results, as we anticipate, still lie ahead, in the future. We will continue to increase the effectiveness of the enterprises and to actively improve the economic mechanism and introduce cost accounting.

[Correspondent] The entire Island of Freedom has joined in the process of correcting the errors and in the cause of "rectification". Labor discipline is getting stronger, although slowly, and elements of mismanagement are being liquidated. Yet the process of "rectification", as far as I can judge, does not contain any measures for radically changing the economic mechanism of Cuba. We understand that this is merely the initial stage in preparations for improving a most complex mechanism. And what is the role of the labor collectives in the process of correcting the errors and liquidating the negative tendencies in the sphere of organization of labor and wages?

[Linares Calvo] "As you yourself have noted," F. Calvo concludes our discussion, "our country's workers have actively included themselves in the 'rectification'. The associates of our committee are also making their contribution to this work. Thus, around 1,000 outdated statutes on paying bonuses to workers from wage funds at various enterprises throughout the country have been rescinded. A program for review and unification of all output norms in effect in Cuba has been developed. The enterprises are waging a struggle against mark-ups in all forms. Collectives are trying to achieve higher economic effectiveness and labor discipline, and to better utilize work time and production capacities."

In many sectors of Cuba's national economy, production brigades of the new type are still being created, and in construction—collectives which perform here the entire complex of work and submit the facility "under key" [with operational readiness].

The true search for improved forms of organization and compensation of labor will help us to increase production effectiveness and make the labor of every worker more appealing and socially beneficial.

Propsects for Nicaraguan Economic Recovery Poor
18070173 Moscow SOVETSKAYA KULTURA in Russian 23 Mar 89 p 7

[Report by APN special correspondent Vadim Nizskiy "especially for SOVETSKAYA KULTURA": "Nicaragua: Not a Day Without Struggle..."]

Managua-Moscow—A historic event for Nicaragua took place exactly a year ago in the small border settlement of Sapoa. A peace agreement was signed between a government delegation and the contra political leaders. The representatives of both delegations listened in deep silence to the text of the agreement and the prayer by Cardinal Obando y Bravo for the victims of the bloody war. The first step toward the establishment of a stable and lasting peace was made on that day. "We decided to bury the war for good and to raise the olive branch of peace," Nicaraguan President Daniel Ortega stated.

Peace became possible, but they had to pay the highest economic and social price for it. The economic structure of the backward, dependent country, which came out from under the heel of the Somoza dictatorship and fell under the caterpillar tracks of a war which has lasted for many years, can be put in order only after the efforts of all Nicaraguans have been united in the peaceful building of their country's future.

I arrived in Nicaragua for the first time in 1979, several months after the victory of the Sandinist revolution. And I saw a country which had been reduced to ruins.

The young leaders of the revolution realized that their work had not ended with the downfall of the dictatorship. The country was entering what was probably one of the most difficult periods in its development—a period of state construction and economic revival. The task was incredibly difficult, especially as many of those who had suffered under the dictatorship for decades yearned for rapid improvement. The peasant dreamed about land, the unemployed dreamed about a place to work, and the homeless dreamed about a roof over his head.

Nearly 5 months after the Sandinists' victory, Comandante Henry Ruiz, at that time the minister of planning, told delegates to the constitutive conference of the Association of Campesino Workers: "We have carried out a revolution in order to improve the life of the people, and this means a new, fair distribution of the national product. But we have inherited an economy that has been plundered, and we have nothing to distribute except poverty and an immense state debt. Man is not God, and he cannot perform the biblical miracle of breaking bread to feed the hungry. We cannot distribute what does not exist, and we cannot give what we do not have. Only work creates national wealth..."

Ten years have passed. The republic has not been given a day or an hour for peaceful, creative labor. The obligatory expenditures for defense, the trade embargo

established by the United States, and sabotage by the national bourgeoisie... And now the recent hurricane "Joan," which resulted in losses in excess of 828 million dollars.

Any person who finds himself in Nicaragua will sense right away that the country is living under conditions of an acute crisis. Galloping inflation and high prices for all kinds of fuel, services and goods for the people. The government frankly admits that the republic does not have the financial resources at present to increase workers' wages and increase state funds for medical service and education, considering the consequences of the 8-year war.

At the end of last year, President D. Ortega appealed to all Nicaraguan citizens, regardless of their political convictions, to help in work to restore the country's economy. This appeal particularly concerns the opposition and the private sector, which the revolutionary government is strictly meeting its commitments to as an integral part of the mixed economic system. This sector's contribution could be much more substantial if there were no sabotage by some of the major business owners who decline to expand capital investments in the national economy and who are withdrawing invested capital and transferring it abroad.

It was interesting to get an idea firsthand of the attitudes of this part of Nicaraguan society. Senor J. (Bengoechea), with whom I had occasion to chat, is the manager of a large association of medical and chemical laboratories and vice president of the Superior Council of Private Enterprise (COSEP), which is opposed to the government. It should be admitted that this was a detailed, professional analysis of the country's economic situation. Senor J. (Bengoechea) spoke about all the negative manifestations that are obvious to anyone, even to the most favorably disposed observer. However, the COSEP vice president considers the main reason for the current situation "the introduction into Nicaragua after the Sandinist revolution of economic models for development which are poorly adapted to the country's realities and traditions."

"And perhaps the problem is in the aftereffects of the trade embargo established by the United States?" I asked an office owner. Making a vague gesture with his hand, he said:

"This is rather a political factor, the harm from which is purely symbolic..."

"Is it fair to consider the sum of 254 million dollars 'symbolic' for a small republic? Unless it is against the background of the 12 billion taken away from the people by Washington's undeclared war..."

But the man I was talking with stated here that the Sandinists are maintaining an army that is too large...

Yes, alas, it is large. Compulsory patriotic service in the armed forces draws away four of every 10 able-bodied Nicaraguans. On the eve of the new year, Bayardo Arce, a member of the National Directorate of the FSLN [Sandinista National Liberation Front], stated that mobilization of the people to defend the Nicaraguan revolution will continue to be the front's main political task until the United States discontinues its aggressive policy toward the republic. "We cannot help but take into account the military and political situation around Nicaragua, inasmuch as the new administration in Washington has not yet said anything openly about its future policy in Central America," he emphasized.

Indeed, it has not said anything openly. Though a hopeful sign of a possible adjustment in policy has reached us from the pages of THE WASHINGTON POST. Citing "informed sources," the newspaper quoted the opinion of J. Baker, who has been named secretary of state, that the next U. S. Administration intends to work out a fresh approach to the countries of Central America and will not be in a hurry to ask for military assistance for the Nicaraguan contras. At nearly the same time, Alejandro (Benda\$), secretary general of the Nicaraguan Ministry of Foreign Affairs, certified that his country would reduce the size of its army by half if the new head of the White House will repudiate the goals of overthrowing the constitutional government of a sovereign state. A. (Benda\$) added: "Nicaragua is going through a period of political maturing and seeks normal relations with the United States, which is a vitally important task for achievement of the country's social and economic goals."

At the end of his conversation with me, Senor (Bengoechea) gave his predictions for the country's future. Nicaragua needs a significant infusion of resources and help from the world community, he said. But this assistance will begin arriving in the necessary quantity only if the nature of the government is changed. Moreover, he is convinced that the Sandinists will lose in the February 1990 elections. And as a future winner he magnanimously assures us that the opposition will not press for their departure from the political scene and that the FSLN will be able to be integrated into the structure of the new political system...

Frankly, what I have seen does not bear out such predictions. Here is just one detail: on behalf of the Soviet Committee for the Defense of Peace, I took part in the work of the organizing committee to prepare for the international congress "The Fate and Hope of the Earth," to be held in Managua this June. Assuming, naturally, that it is for those who do not feel they are standing on firm ground, not up to the global problems of mankind...

Moreover, the authority of President Daniel Ortega is higher than ever. And not only within the country. Here is the opinion of him expressed by Graham Greene, for

whom the fate of the Nicaraguan revolution is close to his heart: "Ortega has evolved a great deal. When I first saw this man, he had not yet recovered after long confinement in prison and the torture he had endured. He gave the impression of a reserved, even indecisive, person. Today we see him as a leader who is sure of himself, who knows his strength, who is open to dialogue, and who knows how to persuade. The revolution is his guiding star."

After my return from Nicaragua I learned of the view expressed by Tom s Borge, the country's minister of the interior: "We are developing our own model of socialism in the Nicaraguan way, which will be similar to the political systems of countries in Northern Europe, where political freedoms exist and a high level of economic development has been achieved."

The Nicaraguan revolution will mark its 10th anniversary this July...

Increase in Amur Oblast Tourist Traffic to China
18070170 Moscow SELSKAYA ZHIZN in Russian
19 Mar 89 p 3

[Report by V. Davydenko: "One Day in China"]

[Text] After paying 27 rubles at the ticket office of the "Amurturist" Association in Blagoveshchensk and putting the necessary papers in order, we took our seats the following morning on the bus that was to take us to the Chinese city of Heihe. Everything was simple and ordinary, as if we were visiting relatives for pancakes instead of crossing the state border.

The trip from Blagoveshchensk to Heihe is often called the shortest tourist trip in the world. Indeed, it is enough to cross the Amur, and the river is narrow in this spot—just 700 meters. Blagoveshchensk and Heihe can look at each other through the windows of their houses.

The exchange of tourist groups on a non-currency basis began the end of last September. And right away the new route became popular: "Amurturist" now has over 40,000 applications for trips to China.

After a short trip on the river's ice, the bus rolled away on the smooth concrete. So we are in a neighboring state. They kept us for just a few minutes in the squat customs building. And the city's residents were already waiting for us on the street.

Among those who approached us on the streets were persons who recalled the times when neighbors gathered in the middle of the Amur around a fir tree frozen in the ice to welcome the New Year together. They see a step toward a return of those times in today's tourist exchange.

The trip to Heihe begins with a visit to the city park on the bank of the Amur. Here under the canopy of poplar trees there is a memorial to the Soviet soldiers who died in liberating the city in 1945. An unpretentious obelisk with inscriptions in Chinese and Russian. It is a pity only that we do not know how many soldiers are buried on the Chinese shore, who they were, and what their ranks were. Here at the common grave I suddenly was sorry on behalf of the people of Blagoveshchensk: they have not taken part in this work to date, after all. But activists in the Soviet-Chinese Friendship Society, the Amur Oblast Voenkomat [Military Registration and Enlistment Office], and students in the Blagoveshchensk military schools could have taken it up. And the search should begin today, while those who took part in those events are still living.

It was time to continue the trip and everyone had assembled at the bus, but one person remained behind in the park. When we returned, we found him at the memorial with tears in his eyes. It was Mikhail Vladimirovich Pavlinov, who teaches engineering drawing in the rayon center of Svobodnyy. On 10 August

1945 he, then a squad leader in the 586th Rifle Regiment, and his comrades crossed from Blagoveshchensk to Sakhalyn, as Heihe was called then, in launches. That crossing cost many lives, and many soldiers died in the city's streets. The comrades-in-arms of Mikhail Vladimirovich were here, in the common grave.

There are quite a few such cases. There are persons in nearly every group who fought in these places at one time, who had worked in Soviet institutions in China, or who had come here as members of athletic teams or amateur art activity collectives. For them, the trip to Heihe is an encounter with their youth.

Our tourists are surprised by many things in the Chinese city. First of all, the large number of bicycles and the nearly complete absence of passenger cars on the streets—not many Chinese can afford them. Buildings are very close together in the city. Russian-style houses are seen—with eaves and shutters, decorated with wooden carving. We are also unaccustomed to such extensive development of cooperative trade. After visiting the open market in Heihe, where the interior of each shop and the concentration of commodities is like a miniature department store, I recalled the ordeals which our cooperative members have had in searching for a place to trade.

One of the points offered in the program for tourists to Heihe is a visit to the Woniuhe Reservoir. After building a dam on one of the Amur's tributaries, the Chinese developed a fine rest area here. But the small reservoir serves more than tourism. The station which operates here provides the city with electricity. In addition to this, they get as many fish each year from the reservoir as are caught in all of Amur Oblast's large and small rivers, reservoirs and lakes, as well as from the Zeya Sea [Reservoir].

What is good must be learned. And Amur Oblast residents are not shy about taking lessons from their neighbors. Relationships on the border have been extended lately. And quite vigorously. The date that the first trading transaction was concluded between the neighbors—June 1987—was mentioned in SELSKAYA ZHIZN. But today, contracts totaling about 100 million Swiss francs have been concluded between the city of Blagoveshchensk and the Heihe district alone.

Not only tourists, but persons on business, have become very familiar with the route from Blagoveshchensk to Heihe today. As an example, Vladimir Nikolayevich Sushkov has crossed the border repeatedly. He is the general manager of the "Kommertsiya-vneshtorg" [Commerce-Foreign Trade] Center established recently in the Amur Agroindustrial Committee. The center has been in existence for several months, but he, together with the mechanical industry committee in Heilongjiang Province and a trading company in the city of Heihe, has already held an exhibition of Chinese products and technology. Under the contracts that were concluded, the

center has already received commodities valued at about 3 million rubles from our neighbors. And not only items needed for agricultural development are being purchased. For example, the center obtained medical equipment valued at 700,000 rubles and transferred it to the oblast hospital in Blagoveshchensk. Chinese specialists have come to install it.

As I stated already, trade began the restoration of relations. A second step has been taken as well: the neighbors have come to an agreement on the establishment of joint ventures in Blagoveshchensk to produce video recorders, computers, and duplicating equipment. The "Amurzoloto" Association and the "Chaisheng" Company have signed a partial contract and agreement for the production of mining equipment and spare parts in Harbin. The neighbors are discussing the construction of a plant to manufacture solar batteries in Blagoveshchensk and a factory to produce birch furniture in Harbin.

In a word, a considerable number of contracts are being concluded these days. All the new enterprises are included in this orbit. My neighbor in a Blagoveshchensk apartment is the deputy chief of the "Amurvodstroy" Association; Vladimir Moiseyevich Vlasenko had just returned from Harbin. When we met, he heard my tourist impressions and I heard his story about negotiations to build a large linoleum plant in Blagoveshchensk.

I have even seen small signs in Russian on the streets of Heihe. Doesn't this attest to the revival of contacts? The neighbors intend to develop the interchange. But the problem of shipping freight has arisen unexpectedly. In accordance with the contracts that have already been concluded, about 210,000 tons of goods will be transported. Across the Amur in vessels in the summer, and on the ice in the winter. The transportation problem will be intensified even more in time. The sides see the solution in joint construction of a bridge across the Amur.

And what about "Amurturist," which guided us on this trip and met us on the left bank of the Amur? Last fall more than 400 tourists managed to visit before the end of the navigation season in China. Just as many tourists from Heihe visited Blagoveshchensk. This year 107 groups—that is about 5,000 tourists—will visit China. Discussions will be held on longer trips and the extension of routes as well.

8936

Vietnamese TU Delegation Visits Moscow
18070205 Moscow TRUD in Russian 4 Apr 89 p 3

[Unattributed report: "In a Situation of Reform"]

[Text] Hanoi—A delegation of the National Confederation of Labor of Vietnam (NCLV) led by its chairman Nguyen (Van Thi) is in Moscow on a friendship visit at the invitation of the AUCCTU.

Talks between representatives of the NCLV and a delegation from the Soviet trade unions led by AUCCTU chairman S.A. Shalayev took place yesterday in the Palace of Labor.

The Vietnamese guests were informed about the urgent directions in the activity of the trade unions in our country and their participation in the perfection of the economic mechanism, the development of socialist democracy, and implementation of the reform of the political system.

The chairman of the NCLV talked about the work of the Vietnamese trade unions in fulfilling the decisions of its 6th Congress and realization of the course set by the Vietnamese Communist Party toward renewal and the realization of socioeconomic transformations in Vietnam.

During its visit in the USSR in addition to Moscow the delegation will visit Kiev and industrial and agricultural enterprises, and will familiarize itself with the activity of the trade union organizations.

Before the Vietnamese trade union delegation departed for Moscow TRUD correspondent A. Kalashnikov met in Hanoi with the leader of the delegation, chairman of the NCLV (Nguyen Van Thi) and asked him to talk about today's concerns in the Vietnamese trade unions.

[Kalashnikov] Six months ago the Vietnamese trade union congress spoke out in favor of a renewal in trade union work. What has changed so far?

[(Nguyen Van Thi)] A new situation has taken shape in the country. Successes have been achieved in establishing a new socioeconomic structure and renewing the political atmosphere in society. Last year we obtained a not bad harvest and the gross national product rose eight percent. Local self-management and cost accounting is being developed. In line with the economic reform being conducted in the country the priorities in the activity of the trade unions are changing. We are shifting the center of gravity in our work toward the primary trade union organizations, and the central apparatus has been reduced 20 percent.

[Kalashnikov] The sphere of trade union activity in Vietnam is now not only the state sector...

[(Nguyen Van Thi)] That is so, since private entrepreneurship will exist in the country for a long time and an "open door" policy has been announced with regard to foreign capital; this means that we must show concern for the people employed in those sectors of the economy. For example, they still do not enjoy the benefits of social security but we hope to reach a situation in which all workers have the same rights. In the near future we shall be publishing a charter for such trade union organizations, which will be called "labor associations." They

have their own special features—the owner of an enterprise, in particular, cannot be a member of a trade union. Incidentally, at an initiative from below we have set up such primary organizations in Ho Chi Minh City, for example, at the (Dong Tam) machine-building cooperative, at an automobile repair enterprise set up jointly with a Japanese firm, and certain private enterprises.

[Kalashnikov] But still, if I am not mistaken, those employed in the state service and in state sector enterprises are still in a most difficult position, are they not?

[(Nguyen Van Thi)] It is true, those people are having a hard time. The country's economy is still experiencing serious difficulties and prices are constantly rising. Proceeding from this we have introduced a principle of a sliding wage scale. It is set at the cost of a certain amount of rice, and a worker receives a monetary equivalent according to the price for rice in the market at any given moment. The trouble is that at many enterprises the payment of wages is often being delayed. I recently conducted negotiations on this issue with the director of the state bank. The trade unions are insisting that the bank does not have the right to refuse to pay enterprises monies from the wages funds.

In addition we are providing every possible kind of incentive for the development of the so-called "family economy" so that each worker can have an additional source of income.

Of course those who have no work at all are in an especially difficult position. And there are millions of them in the country. The trade unions regard a solution to the unemployment problem as a paramount duty. We are opening an employment office and are trying to achieve a situation in which, given the present cutbacks in the overstuffed state enterprises, everyone will be provided with employment in other places. We are also opening our own production facilities, whose income will go to improve the well-being of trade union members.

Economic Problems in Haiphong Viewed
18070185 Moscow PRAVDA in Russian
30 Mar 89 Second Edition p 4

[Article by special correspondents M. Domogatskikh, M. Korolev, and Ye. Spekhov (Hanoi-Moscow): "Vietnam Today; Haiphong's Open Horizon"]

[Text] **Le Danh Xuong, secretary of the Haiphong City VCP Committee, is the youngest leader of a major party organization in Vietnam.**

He is an educated man with a good mind and a sound knowledge of economics. When the long-range program for the development of the region and the country's main sea port was being drawn up, the city committee and its secretary used the opinions of communists and the general public as point of reference. We could say that Le

Danh Xuong is an agent of the profound changes taking place in Vietnam and one of those who is pursuing the policy of renewal in great earnest.

The city looking out on the deep blue sea is a large one. Covering an area of more than a thousand square kilometers, Haiphong, with a population of 1.3 million, has 130 industrial enterprises, hundreds of crafts cooperatives, and 45,000 hectares of agricultural land. In addition, of course, it also has a port.

The absence of a strategic program for the socioeconomic development of the country bothered Haiphong for a long time, as if it were a feverish patient. As soon as a hole in one spot had been patched up, a slit would appear somewhere else. Sometimes it would be a problem in industry and sometimes it would be the indifference of people accustomed to the old, initiative-hampering system of management. Wage-leveling was rife. You could twiddle your thumbs all day or you could work by the sweat of your brow, but the result would be the same—everyone was paid equally.

To the credit of Haiphong's administrators, they began the search for new economic levers to change the social climate in the city and in agricultural regions long before anyone else. This was one of the first places where family contracts and leasing agreements were used in rural areas. The result was a dramatic increase in the output of vegetables, rice, meat, and other foods. There was even some left over for export, and this paid for imports of consumer goods, fertilizers and machines for the rice fields, construction materials, and financial resources for the remodeling of enterprises. Yesterday's rural day-laborer is becoming a zealous proprietor. Families are building new homes. Small brick plants are a common sight in Vietnam. The leasing of land for 20-30 years and of forests for longer periods is motivating peasants to keep the fields fertile.

The efforts to establish a multistructured economy also opened up new horizons for the city and revealed rich reserves.

According to Le Danh Xuong, earlier theories applied only to the state sector of the economy and, at best, also to the cooperative sector. Private or individual economic units were regarded as something almost alien to the socialist way of life. Although difficulties grew more pronounced, no one even wanted to hear about the leasing of land. When party leaders in the country's southern provinces tried to make some changes, they were accused of violating the principles of the socialist society. One of them had this logical reaction: "How can we destroy something we have not built yet?!" And he was right. The south of the country was liberated from foreign rule 30 years after the north and could not immediately change the customary socioeconomic patterns of life. The people had to pay a high price for the excessive haste in transforming the south.

"They wanted to harvest rice without preparing the soil or setting out the plants," Le Danh Xuong remarked.

The city party committee had to translate the strategic aims of the Sixth VCP Congress into the language of action. It had to subject everything to unbiased scrutiny and discard mental stereotypes. The objective was summed up in brief as the transformation of the port city into an export-import center with a developed economy and culture and a sound basis for internal and international tourism through the concerted efforts of the party organization's 70,000 members. Economic administrative agencies advocated the renunciation of the excessive emphasis on rice cultivation in the belief that this restricts the dimensions of the agrarian sector. They did clarify that more area, especially between rice fields, should be assigned for the cultivation of other crops while simultaneous efforts are made to augment the yield of each hectare of rice. This policy line has produced tangible results. Today Haiphong is one of the main suppliers of fresh produce, canned vegetables, fruit, and meat, and frozen sea food to the Soviet Far East and other parts of Asia.

Changes were also planned in consumer goods production. Last year, for example, the output of the most essential items represented 65 percent of the total industrial product. This is being accompanied by changes in the structure of foreign economic operations. Allocations for the development of export branches are being increased.

One of the businessman's oldest maxims is that money makes money. The earnings from exports were used to acquire equipment for the improvement of the quality and augmentation of the volume of export shipments. The investigation of possibilities and the reconsideration of attitudes toward business and commerce led to the idea of creating a special export zone in the near future, with a prominent place reserved for the repair and construction of ships, especially for the fishing fleet. Negative feelings about private enterprise were surmounted. At this time there are two of them, and both have a steady and sizable income. By competing with state and cooperative enterprises, they are forcing the latter to rise to their level and are breaking down the wall of the state sector's authoritarianism: "Buy what you are offered"; "If you do not like it, do not take it."

Private companies are expected to earn 4 million rubles in profit in the gold equivalent of foreign currency. Private enterprises have turned out to be quite flexible in the use of scientific and technical achievements, new developments, and new technology. After forming something like a technical council consisting of researchers and specialists with the highest qualifications, they began mastering the production of new goods and services. This was an affront to the pride of state sector personnel.

Under these conditions it is understandable that the functions of party personnel are also changing. There is a new emphasis on the choice of administrators with business acumen. The earlier authority no longer works unless it is backed up by current accomplishments. There is a fairly hard and fast rule that a new director who has not effected perceptible changes for the better in 2 or 3 years should step down. This has been a reliable means of combating symptoms of stagnation in the economy.

Management criteria are defined with the aid of researchers and specialists. There is an established selection procedure and competition between programs. Competition has already served as the basis for the appointment of a third of all the administrators of Haiphong enterprises.

Haiphong is Vladivostok's sister-city. The dockworkers of the maritime zone once helped Vietnam when it was fighting a war and then took part in the restoration of the port and arranged for its conversion to progressive methods of handling shipping. Forms of cooperation were developed and friendly relations were established between work crews over the last 20 years. Prospects are good. People from Haiphong will assist in the construction of 1.5 million square meters of housing in Vladivostok: Around a thousand skilled builders will work for the special maritime construction trust. The first groups have already gone to their new place of residence. By the terms of an agreement on the development of agriculture and animal husbandry in the maritime zone, livestock breeding farms and plantations will be established in the zone, and the best Vietnamese grain and vegetable farmers and livestock breeders will put their experience to use here and will take part in the work on the Soviet Food Program. Vietnamese and Russian restaurants will be opened in Vladivostok and Haiphong.

In general, Haiphong has extensive economic ties. Its many enterprises and the presence of skilled manpower, especially in light industry, have made it possible to establish cooperative relations with the Soviet Union, Czechoslovakia, the GDR, Hungary, and other countries.

We visited one of these enterprises—Footwear Factory No 1. Leather uppers and intricately embroidered slippers are made to order here for the socialist countries. The production volume is growing. Three years ago the factory produced 100,000 pairs of uppers, last year it already produced 800,000, and the projected figure for this year is almost 2.5 million. Partners supply the raw materials, and the Haiphong shoemakers turn them into semimanufactured or finished footwear. Advantages are mutual.

Business contacts are extensive, and this is a good thing, but we must admit that we felt quite uncomfortable when we were told, also with some embarrassment, about the poor quality of the sewing machines manufactured in the USSR and about violations of delivery

schedules. When the partner has to purchase certain things in third countries because the Soviet side is unable to deliver them, we do not always take these expenses into account, and this does not apply only to Haiphong.

In a conversation with one of us, Nguyen Thi Dong, SRV minister of light industry, spoke of the scales of collaboration in light industry. They are impressive. Last year, for example, our country was to be shipped more than 8.5 million items of clothing, 300,000 square meters of wool rugs, over 2 million square meters of jute carpeting, and 4 million pairs of athletic footwear, and total deliveries from Vietnam in accordance with the program of cooperation for 1987-1990 constitute an impressive number of items—almost 120 million pairs of uppers, 50 million towels, 15 million knitted garments, and millions of shirts, dresses, and lingerie and sportswear items. Products of light industry will represent 40 percent of Vietnam's exports to the Soviet Union.

Much is being done to secure the fulfillment of commitments and plans, but problems always arise. The USSR Ministry of Light Industry and its subdivisions apparently feel no special pangs of conscience when they delay shipments of raw materials, without even informing the partner, and then try to make up for lost time by sending enough for two or more quarters. Vietnam is a tropical country. In the humid climate here and in the absence of reliable storage facilities, leather and other materials begin to lose their quality or are spoiled. It would be interesting to know whether anyone has ever been held accountable for this.

The practice of using the transfer to self-financing as an excuse to raise prices, which is discussed daily in the Soviet press, has had a regrettable effect on Soviet-Vietnamese collaboration in light industry. The manufacture of sewing machines provided an astounding "example." For many years Vietnam bought them for 500 rubles apiece. Last year they jacked up the price to 3,000 rubles without doing much to improve the quality or augment the productivity and reliability of their product.

"A similar, and perhaps even slightly better, machine from the GDR costs 750 rubles," the deputy minister said. "This is why we had to stop buying them from you and to order a thousand from the GDR."

We wonder what our exporters gained from this.

Minister of Foreign Economic Relations Doan Duy Thanh, who was once the secretary of the city party committee in Haiphong, told us that various miscalculations, errors, and mistakes in the organization of bilateral ties are made by the Soviet and Vietnamese partners but that these isolated "trees" should not obscure our view of the "forest"—the fraternal essence of our relationship. The most effective forms and methods of collaboration for the good and mutual benefit of both countries will eventually be defined during the

course of the perestroika and renewal in the USSR and the SRV. Now both of our countries, the minister said, are opening their doors to Western partners, establishing business contacts with them, founding joint enterprises, and arranging for the extensive exchange of experience and technical achievements. This is a natural process and it should be welcomed and expanded, but we must not forget about the tremendous potential for collaboration with socialist countries. This is what opens up the broadest horizons.

It is probable that they are particularly visible and distinct in Haiphong, both in current operations and in plans for the future.

Benefits of Soviet-Vietnamese Cooperation

18070124 Moscow PRAVDA in Russian 11 Feb 89 p 4

[Article by Nguyen Van Hieu, academician, president of the SRV National Scientific Research Center, and winner of the Lenin Prize for Science and Technology (Hanoi): "Shock Brigade; Cooperation by Scientists of Vietnam and the USSR"; first paragraph is PRAVDA introduction]

[Text] When Vietnamese science was just coming into being, it was already experiencing the Soviet Union's fraternal assistance. The war of resistance against the French colonizers was going on at that time. It began a year after the victory of the August Revolution of 1945, which resulted in the birth of the first worker and peasant state in Southeast Asia. It was a hard time, but it was then that the first detachment of Vietnamese youth set off on the long road to the Soviet Union so that they could begin the development of contemporary Vietnamese science after returning to their homeland a few years later.

The most important document defining the guidelines for the development of Vietnamese science and Soviet-Vietnamese scientific contacts was the agreement our countries signed 29 years ago on scientific and technical cooperation. With Soviet assistance, a group of scientific research institutes began to be established and equipped, and many scientists were trained, including candidates and doctors of sciences. This made it possible to establish the National Scientific Research Center as soon as the north and south had been reunited, and it is here that the most complex tasks in the applied and basic sciences are being accomplished today.

Many glorious milestones mark the path of cooperation by Soviet and Vietnamese scientists. One of the most noteworthy is the inclusion of the SRV in the Interkosmos program. The success of the joint space flight, in which Vietnamese citizen Pham Tuang was lifted into orbit along with Soviet cosmonaut Viktor Gorbatko, could be regarded as the historic event that put Vietnamese science on new frontiers.

We have been participating in joint space research for 10 years, and during this time we have moved up from the bottom in this field to the point at which we can use modern space probes to evaluate our country's natural resources. The effective use of space surveys is reducing the amount of time required for the compilation of precise maps of various regions in the interest of their socioeconomic development. This is particularly true of the promising provinces of the Taynguyen plateau and the coastal zones. Space equipment has recently been used for the study of nature and the prediction of typhoons. Projects conducted on the Salyut-6 space station are speeding up the development of semiconductors in our country. Optical electronic materials are also being put to practical use in new instruments and technologies.

Joint research and experiments have been conducted in laboratories in our countries for the last 10 years. Vietnamese post-graduate students and student teachers working on their dissertations are taking part in the research of institutes of the USSR Academy of Sciences. After returning to their own land, many Vietnamese scientists have continued their research in the same fields in which they worked in Soviet research establishments.

We are deeply grateful to the USSR Academy of Sciences, which surmounted departmental and administrative barriers to initiate the admission of Vietnamese research trainees to its institutes. Each year the USSR Academy of Sciences hires around 20 Vietnamese candidates and doctors of sciences to work as researchers in its institutes. Many of them have done extremely productive work there, have made an important contribution to joint research, and have become the leading scientists of the SRV National Scientific Research Center.

Each year scientists from the USSR Academy of Sciences come to our country to present lectures, assist in the establishment and equipping of laboratories, participate in joint projects, and join expeditions conducted throughout our country. They are studying the ecology of the tropical forests, the Eastern (South China) Sea, and the continental shelf and are compiling a national atlas of the SRV. They have not only provided us with the scientific substantiation of a general plan for the distribution of productive forces and of regional and socioeconomic development but have also added to our store of scientific knowledge with regard to the tropical nature of our country. This alone could be described as a tremendous achievement in the sphere of joint research, but Soviet and Vietnamese scientists have also worked productively in other advanced fields—for example, electronics, information science, semiconductor physics, laser engineering, instrument building, natural, high-molecular, and rare-earth chemistry, electrochemistry, metal corrosion, biotechnology, physiology, biochemistry, materials technology, and heat exchange. Scientists from the Physics Institute of the USSR Academy of

Sciences and the Physics Institute of the SRV National Scientific Research Center have developed an optical module—the most important element of optical communication systems—which has won major awards and will be put to use soon.

The cooperation between Soviet and Vietnamese scientists did not stop at the threshold of basic research. We hope to establish scientific production associations to aid in the quicker production of the items our society needs. Successful research projects in semiconductor physics created the prerequisites for the establishment of a joint laboratory for the incorporation of specialized electronic equipment.

The Soviet and Vietnamese scientists working on projects in biotechnology in the Soviet-equipped Biology Institute and Center for Experimental Biology in Ho Chi Minh City have developed a new material with biologically active properties from raw materials which are virtually inexhaustible Vietnamese natural resources. A joint enterprise in this field would be highly effective and profitable, and its products would be in great demand throughout the world.

The joint enterprises and associations of the USSR Academy of Sciences and SRV National Scientific Research Center which would begin the incorporation of scientific achievements could fully realize their potential in the work on the Comprehensive Program for Scientific and Technical Progress in the CEMA Countries up to the Year 2000.

At this time of restructuring and renewal, however, cooperation should not be confined to joint projects by research institutes, assistance in personnel training, or the exchange of scientists. Partner-institutes are now doing much more. They have been authorized to provide each other with various materials, equipment, and instruments for projects of mutual interest. Our institutes, for example, received equipment for the extraction of rare-earth elements from the Kola branch of the USSR Academy of Sciences, and this will accelerate the work on the use of these elements in our country.

In turn, we are sending our own designs and equipment to scientific institutes in the USSR. For example, dozens of nitrogen lasers developed in the Physics Institute of the SRV National Scientific Research Center are already operating in Soviet laboratories and are helping to accelerate important research projects conducted by our Soviet colleagues. They praise our instruments highly and are assisting in the provision of Vietnamese laboratories with new equipment.

Research projects in the most important fields of world science always require scientists to have as much information as possible about what is being done abroad in the same fields. The Vietnamese scientists who are working in the difficult economic conditions of a country with insufficient currency reserves are experiencing an

acute shortage of foreign scientific publications containing information of value to us. With the aid of the USSR Academy of Sciences we are surmounting many difficulties of this nature. Scientists from the Institute of Theoretical Physics of the SRV National Scientific Research Center obtained outstanding results, for example, in the study of a field of vital importance in modern science—superconductivity. These results were made possible by

the Soviet Union's efforts to provide us with the latest scientific materials and information.

The scientific cooperation between our countries is constantly being developed and enriched with new forms and methods, and this is opening new horizons and creating new opportunities for the resolution of the major problems of our day.

'Operation Peace' Aid to Afghanistan Detailed
18070138 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 22 Feb 89 p 3

[Article by A. Davydov, doctor of economic sciences, and L. Mironov: "'Operation Peace' in Afghanistan"]

[Text] It is finally over—the last Soviet soldier has left Afghanistan. Millions of our mothers sighed with relief—nothing will threaten their sons any more. But what will happen now in long-suffering Afghanistan? Those who have been shouting louder than anyone that the Soviet troops were the cause of the war are stepping up their armed struggle with even more frantic zeal. They continue to subject the peaceful population to rocket attacks. A state of emergency has been declared in the country. It is generally known that the PDPA has proclaimed a course of national reconciliation as the basis of its policy. Its leaders have repeatedly proposed in the past and continue to propose now that all the opposition groups assemble at a "round table" of national dialogue, cast aside the past, and begin thinking together about how to heal the wounds inflicted by the war and to further develop independent Afghanistan.

But what are the leaders of the irreconcilable opposition offering? Perhaps they have some constructive program for the new Afghanistan? Judging by their statements and actions, nothing. Aside from new bloodshed, trouble and suffering. Moreover, it has become known that certain leaders in the "Alliance of Seven" are prepared to do away with their country's independence and make Afghanistan a part of Pakistan.

In a word, Afghanistan is now going through one more bitter page in its history. Its people need resolute assistance from the world community. The residents of Kabul, Jalalabad, and a number of other cities taken into the ring of the blockade are experiencing starvation and are suffering from a shortage of fuel and power. In the final days before withdrawal of the Soviet troops, an air bridge was provided from Tashkent for the transfer of 8,500 tons of flour, as well as kerosene. It has now become an urgent necessity to begin carrying out "Operation Peace." This program of emergency humanitarian and economic aid was approved by the economic organs of the United Nations after the Geneva accords on Afghanistan were put into effect. It is intended to be implemented in two stages.

The objective of the first stage is to provide accommodations for the returning refugees and repair the economic infrastructure. The total cost to implement the first stage of the program, which should be completed by the end of 1989, has been set at 1.166 million dollars.

The basic volume of major reconstruction and economic development in Afghanistan is planned in the second 3-year stage (1990-1993). It is estimated that about 840 million dollars will be required for this purpose. At the same time, UN experts estimate the overall damage to

Afghanistan's economy caused by the war at 500 billion afghanis, or 10 billion dollars. According to their estimates, about 260 different enterprises, 350 bridges, 2,000 of the 2,800 kilometers of paved highways, 2,000—or half—of the schools existing before the war, and 92 percent of the district health centers have been destroyed or put out of commission. About a million of the country's 15.5 million people became victims of the war.

As we see, the losses in Afghanistan from the war are extraordinarily severe. And the provision of all forms of assistance to the Afghan people is so important for this reason. Within the framework of the UN program, the Soviet Union will provide without compensation essential food and industrial commodities, medicines, and transportation facilities, as well as construction and other materials and various equipment for projects in a number of sectors of the economy. Some of them will be sent through direct contacts between union republics, oblasts and cities with provinces and cities in the Republic of Afghanistan.

It should be emphasized that the USSR is guided completely in its actions by the principles set by the coordinator of the UN assistance program, Sadrudin Aga Khan—"symmetry" and "no geographic stipulation"—in providing assistance. That is, it does not divide the population into regions controlled by the government of the Republic of Afghanistan and the opposition. S. Aga Khan has given a high assessment of "the extraordinary generosity of the Soviet contribution to the international assistance for Afghanistan." At the same time, S. Aga Khan expressed alarm with respect to the delay in payments to the Afghanistan assistance fund by a number of countries and international organizations.

According to the information available, altogether only 892.4 million dollars had been received by the end of 1988; about 600 million dollars of this was received from the USSR, and the rest from Japan (60 million dollars), Italy (54 million dollars), the FRG (27 million dollars), France (28 million dollars), Britain and Canada (18 million dollars each) and the United States (16.7 million dollars). At the same time, certain Western states set the condition that the financial resources they provided be granted exclusively for use by the Afghan opposition.

Such international financial giants as the IMF (International Monetary Fund), the World Bank, and the Asian Development Bank, which are controlled by the United States but have the status of UN economic organizations, are not rushing to provide assistance to Afghanistan. According to reports, S. Aga Khan, the UN assistance program coordinator, and his assistants have shown concern about the food situation that has developed in Kabul and expressed their readiness to deliver the items needed to the city. They have established

contact with representatives of the armed Afghan opposition in order to ensure uninterrupted access on the roads leading to Kabul for the food caravans. No reports have been received on the results of these negotiations.

A question arises in this connection: why not organize an air bridge from Pakistan to Kabul similar to the one organized with Il-76 aircraft to bring the people of the Afghan capital food and fuel to keep warm on these specially cold days? In the meantime, the first flight has been made from Islamabad to Kabul. An Ethiopian airline aircraft delivered 26 tons of UN cargo—food, medicines and blankets. The Swedish airline will also send an aircraft to Pakistan to take UN cargoes to Kabul. At the same time, the United States, Britain, France, the FRG, Italy, Japan, and certain other Western countries have closed their embassies in Kabul. But after all, they have just allocated funds for the UN program of humanitarian and economic assistance to Afghanistan.

So it turns out that during these difficult days for the people of Afghanistan, the Soviet Union is again coming to their aid first of all. The Statement of the Government of the USSR emphasizes that "the Soviet Union is prepared to do everything within its power to ensure that Soviet-Afghan cooperation continues to serve the interests of our peoples—both in the current stage, by promoting the transition to a peaceful life, as well as after achieving a comprehensive Afghan settlement. Our preparedness is also expressed in the Soviet Union's active participation in multilateral assistance to Afghanistan in accordance with the policy of the United Nations."

Military Drain on Israel's Economy

18070196 Moscow SOVETSKAYA ROSSIYA in Russian 1 Apr 89 p 5

[Article by R. Orestov: "To the Beach With a Machine Gun; The Militaristic Spirit of Israeli Society"]

[Text] Dizengoff Street is always very crowded on Saturdays. Thousands of Tel-Aviv residents come here to spend their day off—the Sabbath. From early morning this central main street of the city is closed to transport, and public festivities are held on the thoroughfare. There is a brisk trade in souvenirs, balloons, and sweets, and performances by amateur musicians and jugglers. Here you will see people of every sort: families with many children dressed in their holiday best, sedate elderly people, religious orthodox Jews dressed in their traditional black frock-coats and wide-brimmed hats.

The residents of large cities in other countries may find it strange, the TASS correspondent reports especially for SOVETSKAYA ROSSIYA, that the main street of the state's most important business center practically ceases to function. For Israelis, however, there is nothing surprising about it. According to the holy writings of Judaism, Saturday is a day of rest.

There is no doubt that the realities of the modern world have also won firm positions for themselves in Israeli society. The country is fully self-sufficient in its food supply and a strong industry is developing. In the sphere of science and culture Israel can compete with the leading states. The store windows offer a wide choice of goods, although they are extremely expensive. Ultra-modern housing complexes are rising up in the cities, and automobiles of the latest makes drive along the streets. In the eyes of foreigners, all these phenomena of the present day contrast sharply with that which are usually called "religious vestiges".

This colorful, largely idyllic picture of the measured, at first glance absolutely happy life fades when you begin to delve more deeply into the everyday concerns of the rank-and-file Israeli. The governments which have replaced one another, regardless of which party is in power, for many years now have traditionally given priority in their domestic economic plans to financing sectors associated with strengthening the country's military might. Every year, the lion's share of the state budget goes for the development and production of weapons and for maintaining the army within the country and in the occupied regions. Almost half of the monetary aid received from abroad is also rechanneled for these purposes.

Each new cabinet presents a continued financial program which is called upon to "place the Israeli economy on its feet" and to improve the material position of the population. In deed, however, the government can only offer its citizens new devaluation of the national currency, reduction of allocations for social needs, increase in prices on goods which are in everyday demand, and reduction in the staffing of enterprises and institutions. It is just such a prospect that stems also from the budget for the 1989-1990 fiscal year, developed by Finance Minister Shimon Peres.

Thus, it is no wonder that customers linger at the sales counters and display windows for a long time, trying to decide whether to buy and mentally computing if they can afford to. Before my very eyes, a young couple in a Tel-Aviv supermarket was discussing the prices of canned goods at length, putting the cheapest ones into their shopping cart. We might add that the family discussion was held strictly in Russian.

...If we view the relation of current tendencies and patriarchal beliefs as one of the social contradictions inherent to Israel, then the militaristic spirit which has taken hold in the consciousness of the Israelis to me seemed even more incompatible with their religious background. One can see people carrying weapons everywhere in Israel. We are speaking not so much about soldiers patrolling the occupied Arab regions. Hundreds of thousands of reservists also do not part with their automatic rifles. They comprise the main mass of the

Israeli army, and perform active service every year for several months. Tens of Jewish settlements are ready to rise up in arms at any time.

Armed people in the streets, in the stores and market-places have become a common sight for the Israelis, but are a strange sight to the eyes of foreigners. No one will be surprised if, driving up to the Tel-Aviv city beach and getting out of the car, a bather will take an "M-16" rifle with him along with his air mattress.

"And how else can it be?" asks my friend Aleksandr Sella, a former officer and now the owner of an information bureau, with some surprise. "After all, we have to protect ourselves against terrorists (referring, of course, to the Palestinians—P.O.).

We cannot help but counter with the question: "Today your weapons are directed against those whom you have christened as 'enemies' and 'terrorists'. Yet if we believe the affirmations of the Israelis about their desire for peace with the Arabs, then sooner or later this goal will be achieved. After that, at whom will the sights of the many "UZIs", "GALILs" and other weapons found in the hands of soldiers be aimed, soldiers who have from childhood been taught that their right on the 'promised land' can only be proven by force?"

In looking over the regional publications, including the Israeli press, which sends reports to Moscow on the situation in the occupied territories, my colleagues and I must report daily on the unarmed Palestinian citizens who are killed and wounded every day by the bullets of Israeli soldiers. Over 400 Arabs have been killed and thousands more wounded and crippled for life at the hands of the occupationists during the time of the Palestinian uprising—the "Intifada", which began in December of 1987. The number of victims of such unconcealed criminal violence continues to grow, yet in Israel they continue to speak with their former self righteousness of the inalienable right of the citizens to "self defense".

There have already been several generations of Israelis raised on this notion. They are convinced that Israel is surrounded by enemy states and that it may be attacked at any moment. A young Israeli would feel insulted and degraded if for some reason he was denied admission into the army, while service in the elite commando units is viewed by the young people as a special honor.

I asked one Israeli who was beginning the study of journalism the question about the young people's attitude toward the army. I will call him Daniel. "Really, the military spirit is strong in Israeli society," he believes. "The entire short history of the country has been a series of wars with the Arabs. With the aid of weapons we are bringing order in the territories (this, leaving out the word 'occupied', is how they call the West Bank and the Gaza Strip in Israel—R.O.). Yet I am not wrong in saying that today many of my peers, burnt by the fire of

war, are ever more openly speaking out in favor of peace in the region. And among the new recruits you will more often find those who refuse to serve in the Arab regions and who in general do not want to enter the army. After all, peaceful life promises young people much more than their presence in a military camp."

The pacifist tendencies which are being born are getting a hostile reception from the country's ruling circles. Tens of young people are currently serving 6-month jail sentences for refusal to serve "in the territories". A military tribunal awaits any soldier or officer who raises his voice against the continuing occupation. Yet even such strict measures cannot hold back the growing movement by proponents of peace in Israel.

"In the last 10 years there have been around 60 groups and organizations which have arisen, speaking out in favor of peaceful coexistence with the Arabs and seeking a cessation of the military expansion," says one of the leading activists of the "Peace Today" movement, Mordekhay Bar-On. "They have various ideological colorations. 'Yesh gvul', for example, calls for the young people to refuse to perform their military obligation on the occupied lands. 'Day lakibush' demands the withdrawal of troops from the West Bank and Gaza, and is supported in this by the Israeli communists and the Arab portion of the population. The ideas of the movement are supported by several tens of deputies in the Knesset."

After my conversation with Bar-On, I was passing by the building of the Israeli prime minister's office. Next to the main entrance there were posters demanding peace in the land of Israel and Palestine and the immediate start of peace negotiations with the Arab neighbors. The members of the "Peace Today" movement are holding an almost round-the-clock "vigil" here.

...It is difficult to give a synonymous description of modern-day Israeli society. It represents too heterogeneous of a social, political and national structure. However, there can be no doubt that a knowledge and correct evaluation of the processes taking place in this state, which has existed on the world map for over 40 years now, will help to strengthen the mutual understanding of its peoples and serve human interests.

Jordanian Delegation Visits Kiev 18070192

[Editorial Report] Kiev PRAVDA UKRAINY in Russian on 8 February 1989 carries on page 2 a report on a visit to Kiev by a delegation of the Jordan-Soviet Friendship Society. Participating in the delegation were Walid Hayat, vice president of the Jordan-Soviet Friendship Society, and Samir Samawi, Society member and member of the group Jordanian Physicians Against the Nuclear Threat. The delegation was in the Soviet Union at the invitation of the Union of Societies for Friendship and Cultural Ties with Foreign Countries.

Port Control New Dimension in Lebanon
*18070204 Moscow SOVETSKAYA ROSSIYA in
Russian 4 Apr 89 p 3*

[Article by A. Novotochinov: "War of the Ports. A New Outbreak of Internecine Conflict in Lebanon"]

[Text] New craters have appeared in the streets of Beirut where as little as a month ago fresh asphalt was laid. Many of those who rejoiced in the coming of the spring and hoped that it would bring a solution to the problems which the Lebanese have become tired of over the long years of the exhausting conflict are no longer alive. The international airport is closed indefinitely for the n-th time. Artillery and mortar shells are again bursting in its territory. Ships of many foreign shipping lines which were staying away from the artillery shelling in the outside roadstead were forced to depart to Cyprus or Tripoli and give up on waiting for the shelling of the Beirut port waters, where they were to be loaded or unloaded, to stop, reports to SOVETSKAYA ROSSIYA the APN correspondent in Beirut.

These latest events were precipitated on Tuesday, 14 March by an intense artillery and mortar duel between the western and eastern zones of Beirut and its suburbs which gradually spread virtually throughout the territory of the country. From this "bloody Sunday" on, almost 100 people have died, and about 300 have been badly wounded and crippled in skirmishes between various rival groups.

A decision by the head of the military government operating in the Christian zone of Lebanon Gen Michel Awn to blockade from sea and air "illegal"—from the point of view of his cabinet—ports situated on the coastline controlled by the Moslems was one of the reasons for a transition from political tensions to an armed confrontation which the local press has called "the war of the ports." The economic consequences of this decision may be judged from the data of an international shipping bureau published by the authoritative journal AL HAVADIS: last year alone, goods worth about \$30 million were unloaded in "unregistered ports" of Lebanon. Taking into account the fact that more than 70 percent of the Lebanese economy depends on imports of foreign goods it is clear how important it is to have the control of numerous Lebanese ports and wharves and, in general, the foci of transit trade.

The fateful decision was preceded by a protracted conflict between Gen Awn, who has formed a government after the presidential mandate of Amine Gemayel expired, and the Lebanese central bank situated in West Beirut, where the old government of Salim Huss operates. The bank refused to provide credit for the military. In the process of resolving this conflict, the Awn cabinet tried to resort to force—closing the crossings connecting the eastern and western sectors of the capital through

which supplies go to the Moslem sector, and trying to trade the opening of the crossings for several loans to buy motor fuel and other supplies for the Christian army. However, despite the mediation by major businessmen, a compromise could not be reached. In early March, Michel Awn announced the closure of all Lebanese ports which are not controlled by his government, and do not have customs facilities for collecting taxes benefiting the state coffers. Army cutters and aircraft began the blockade of "unregistered ports" which has ultimately brought on the military confrontation.

At the same time, the situation emerging in the country is so dangerous and unpredictable that, despite the official intransigence of the parties and mutual threats, the leadership of various political forces in Lebanon is virtually unanimous in recognizing the necessity of holding democratic presidential elections immediately. A majority of political, social, and religious organizations of Lebanon are also of the same opinion regarding the need for implementing vitally important political reforms in the country.

It is suggested that the two Lebanese Governments be merged under the leadership of either Salim Huss or Gen Michele Awn and that the unity of the armed forces of the country be restored in order to normalize relations between the opposing sides, and organize the elections.

"The Lebanese economy, society, and state need one remedy—at least a minimum of national reconciliation, and a little bit of mutual understanding regarding the present and the future of Lebanon," noted Salim Huss formulating his projects for unifying the country.

"We believe in a single Lebanon, fully independent and sovereign, which exercises power all over its territory and does not anybody's patronage," has repeatedly stated in the same reference Gen Michele Awn.

However, thus far these declarations remain in the realm of wishful thinking, and cannot be implemented at present. In the context of the current tragic developments in the situation in the country, the two governments remain on the different sides of the "green line" which divides Lebanon and its people into two rival camps. It is obvious that, if the process of decay of various state structures which has accelerated after the end of the Gemayel presidency continues, it will inexorably bring about a still more distinct formation and reinforcement of religious mini-entities in the country. In turn, such developments may promote further growth of extremist trends which have already caused many senseless bloody massacres in Lebanon claiming thousands of human lives. The last of the numerous Lebanese wars, "the war of the ports," is a specific example of this.

In the unpredictable political and economic situation which lies ahead the chances for unblocking and for the crisis to continue are actually equal.

Mali Party Official on Policy Priorities, Relations with CPSU

18070184 Moscow SOVETSKAYA ROSSIYA in Russian 30 Mar 89 p 3

[Interview with Sekou Minandiou Traore, secretary for foreign relations of UDPM Central Executive Bureau, by APN correspondent B. Tarasov, in Bamako: "Elements of Authority; On the 10th Anniversary of the UDPM Constituent Congress"]

[Text] The constituent congress of the Democratic Union of Malian People (UDPM) was held in Bamako, the capital of the Republic of Mali, 10 years ago, from 28 to 31 March 1979. Since that time the UDPM has become the leading political force in Malian society. The APN correspondent in Mali interviewed Sekou Minandiou Traore, secretary for foreign relations of the UDPM Central Executive Bureau.

[Tarasov] How would you describe the UDPM's 10 years of experience? What role do you feel the party should play during this phase of the development of Malian society?

[Traore] The UDPM is celebrating its 10th anniversary in triumph, full of strength and energy. Our party was established after extensive nationwide debates, so it is the people's party in every sense of the term. The fact that the entire population rallies round UDPM slogans is clear evidence of the party's authority.

I feel that the UDPM's viability is the result of the party's constant efforts to bring its structure in line with the historical and cultural traditions and the humanistic ideals of the Malian people.

Remaining loyal to our immutable values, the UDPM wants to build a flourishing state in which education, medical treatment, and culture will be accessible to all citizens and in which young people will finally take their rightful place.

The UDPM feels that the purpose of its existence is to secure the comprehensive development of a personality free of prejudices and class egotism in our society.

[Tarasov] The UDPM has been quite active in international affairs in the last 10 years. What are the current priorities of its foreign policy and which trends in contemporary international affairs does the party feel necessary to sustain in order to secure world peace and the social progress of all the planet's people?

[Traore] The UDPM has set a number of objectives for the current phase of its activity that might be regarded as "top-priority priorities." Here are the main ones.

First of all, there is the issue of the status of Malians living abroad. The policy of the UDPM in this area is aimed at securing the protection of their legal rights and creating conditions in which their cultural ties with their motherland will not be broken and the possibility of their return to Mali will continue to exist.

Second, there is the objective of the restoration of peace on the African continent, especially in the regions where fratricidal wars are impeding national reconciliation and severely complicating the development of the people involved in them.

Third, friendly relations with border states must be strengthened. We are connected to them by our common historical, social, and cultural heritage. Consequently, we are also united by a common philosophy and beliefs about the role of the citizen in the social systems which exist in our countries.

Fourth, we must eliminate all of the remnants of colonialism on the African continent and fight a resolute battle against racism and the most monstrous form of racism—apartheid—which is a crime against humanity.

Finally, we must establish strong associations on the subregional and regional levels and states representing centers of development and zones of peace.

[Tarasov] The UDPM and CPSU have had a good relationship since the time your party was founded. It was given strong momentum after the official friendly visit to the USSR by UDPM Secretary-General and President of the Republic of Mali Moussa Traore in 1986.

[Traore] The establishment of a collaborative relationship between the CPSU and UDPM was made possible by three main factors: the absence of fundamental conflicts between their general philosophical views on the society they hope to build, or between their concepts of the role of the individual in this society, and our parties' common approach to major world problems.

The wisdom of the leaders of our states, their global approach to the key issues of the present day, and their commitment to the ideals of peace will serve as a sound basis for the further development of collaboration between the CPSU and UDPM for the good of our people, who want peace and justice.

10
22161

62

NTIS

ATTN: PROCESS 103

5285 PORT ROYAL RD

SPRINGFIELD, VA

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, economic, military, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed, with personal and place names rendered in accordance with FBIS transliteration style.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.